

## Challenges for demand-side innovation policies (Demand-side Innovation Policies)

Some demand-side innovation policies arguably carry the risk of excessive government intervention in comparison with policies to stimulate the supply of R&D and foster knowledge spillovers. Demand-side innovation policies also face design and implementation challenges. The systemic nature of this type of policy implies that more co-ordination is needed than for traditional supply-oriented innovation policy. In particular, demand-side measures need to be closely articulated with supply-side measures. However, matching supply with demand is not an easy task and requires building bridges along the value chain, which takes time. Moreover, several demand-side innovation policy measures imply a lead role for a public sector that is not always best placed to support the innovation process. Thus, new capacities may need to be developed to implement innovation-friendly regulations, standards or procurement practices.

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