

Inclusive Innovation for Development

What is inclusive innovation?

While the technological frontier is advancing at a fast pace and innovations abound across all fields, a large share of the global population remains excluded from this prosperity. Notwithstanding progress, more than 40 percent of the world population still lives under US\$2 per day, based on purchasing power parity (PPP). Such inequality is gradually leading to a rising global need and interest in promoting inclusive innovation, i.e., innovations in products (goods and services) and/or processes and product delivery systems, which address the needs and improve the welfare of the excluded due to poverty, handicap or location. Inclusive innovations may foster inclusion in production, in consumption, in the innovation process itself and by promoting the agency of the excluded. They may also contribute to environmental and social sustainability

Inclusive innovations are gaining momentum in some emerging markets such as India and China, with governments having declared it a policy priority. While many examples have been presented, most inclusive innovations have not reached enough scale to make a significant impact.

Why is inclusive innovation important?

The rationale for focusing on inclusive innovation is becoming ever more compelling:

- First, in spite of impressive technological advances and economic growth, an important share of the world's population does not have access to many of the innovations that improve the quality of life and that provide access to better income opportunities—including basic goods and services such as food, shelter, health, safe water, and electricity. By providing products and services of high quality at low cost, so that these innovations are applicable, affordable and available to the BOP, state and non-state actors can help address these challenges.
- Second, inequality has been increasing across countries and within many countries, becoming a source of instability. Also, the climate change consequence of the growth of developed economies and rapidly growing emerging markets has disproportionately greater negative impacts on the most vulnerable populations. These are further factors why inclusive innovations, by providing solutions, are relevant.
- Third, some governments in emerging markets have begun to focus on policies that can stimulate innovations that address the needs of the poor and excluded. Analyzing and sharing these incipient experiences is important so that inclusive innovations can be promoted more efficiently and successful programs can be adopted by other countries. Inclusive innovations are also relevant for developed countries, many of which face rising inequalities and fiscal constraints that generate pressure to deliver more public services (e.g. in health and education) with less.
- Fourth, domestic companies, especially in large emerging markets, are beginning to develop goods and services for lower-income groups—a new phenomenon that is driven by the growing innovation capability of those firms. At the same time, some multinational companies have started to explore those markets.

What are the topics covered by the module?

In order to understand how inclusive innovation can be supported in regions and countries, several

subtopics will be addressed within this module which will describe how governments, the private sector and other key stakeholders, as part of the “inclusive innovation” ecosystem, can coordinate their efforts to deploy effective inclusive innovation mechanisms. It will also explore to what extent inclusive innovations can be scaled up for effectively shaping welfare of lower-income groups.

References

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- Kaplinsky, R. (2011), "Schumacher meets Schumpeter: Appropriate technology below the radar", Research Policy 40(2), 193-203
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