



INNOVATION AND TERRITORIAL DEVELOPMENT: ANYTHING NEW UNDER THE SUN? *REFLECTIONS “ON AND FOR” LATIN AMERICA*

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Brasilia, DF 21 de Março de 2013

Semana do Desenvolvimento Regional

Mesa de debate “Educação, Ciência, Inovação e Desenvolvimento

Regional: Experiencias Latino-Americanas



A changing global economic landscape



=> Macro-economic power shift & changes in societal demands and aspirations

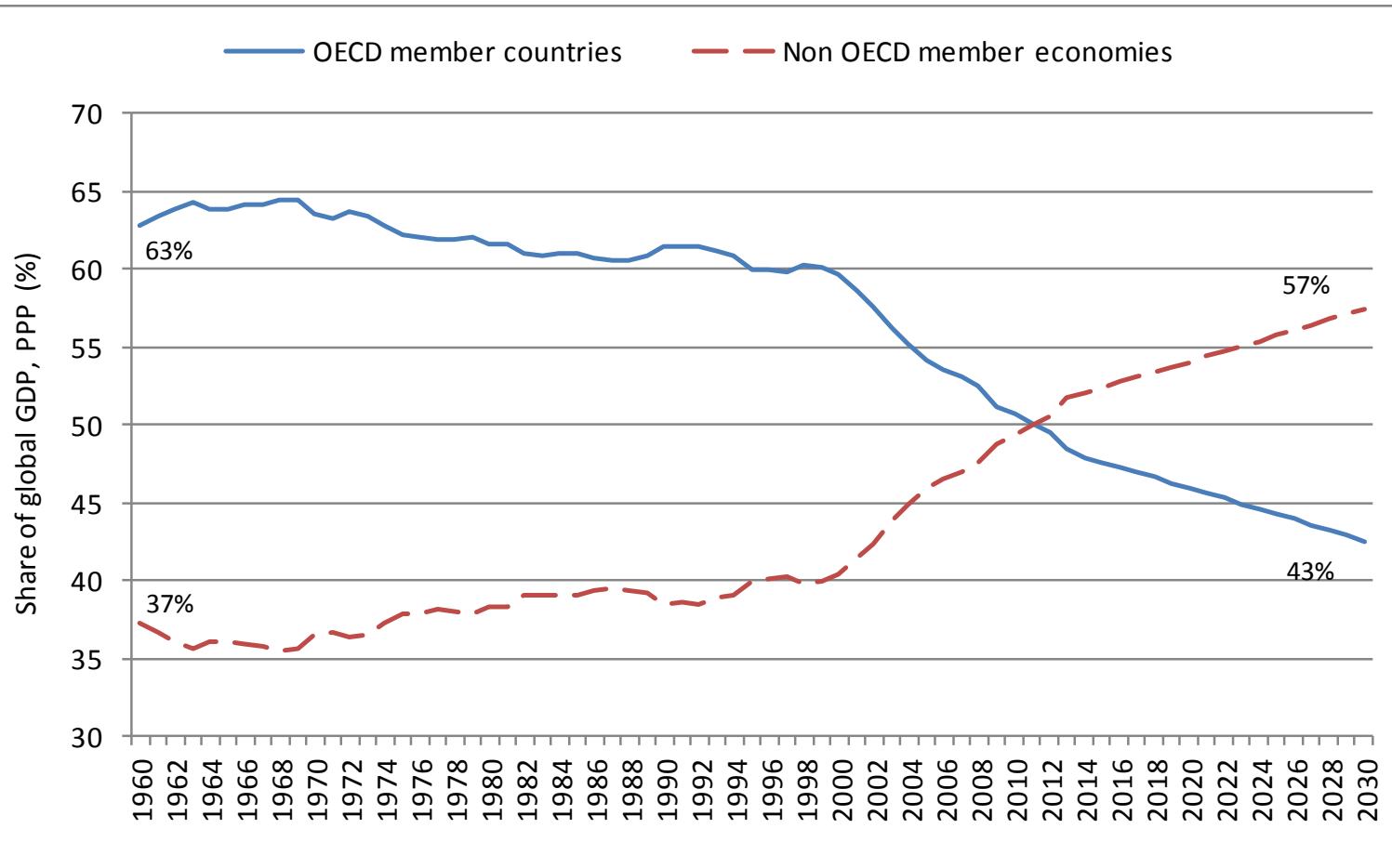
=> Micro-economic changes (organisation of production, new forms of FDI, increased relevance of “innovation”, new forms of collaboration & networks)

=> Changes in development and policy models

Changing role and approaches to the “territory”

The world is changing

Macro-economic power shift & changes in societal demands and aspirations

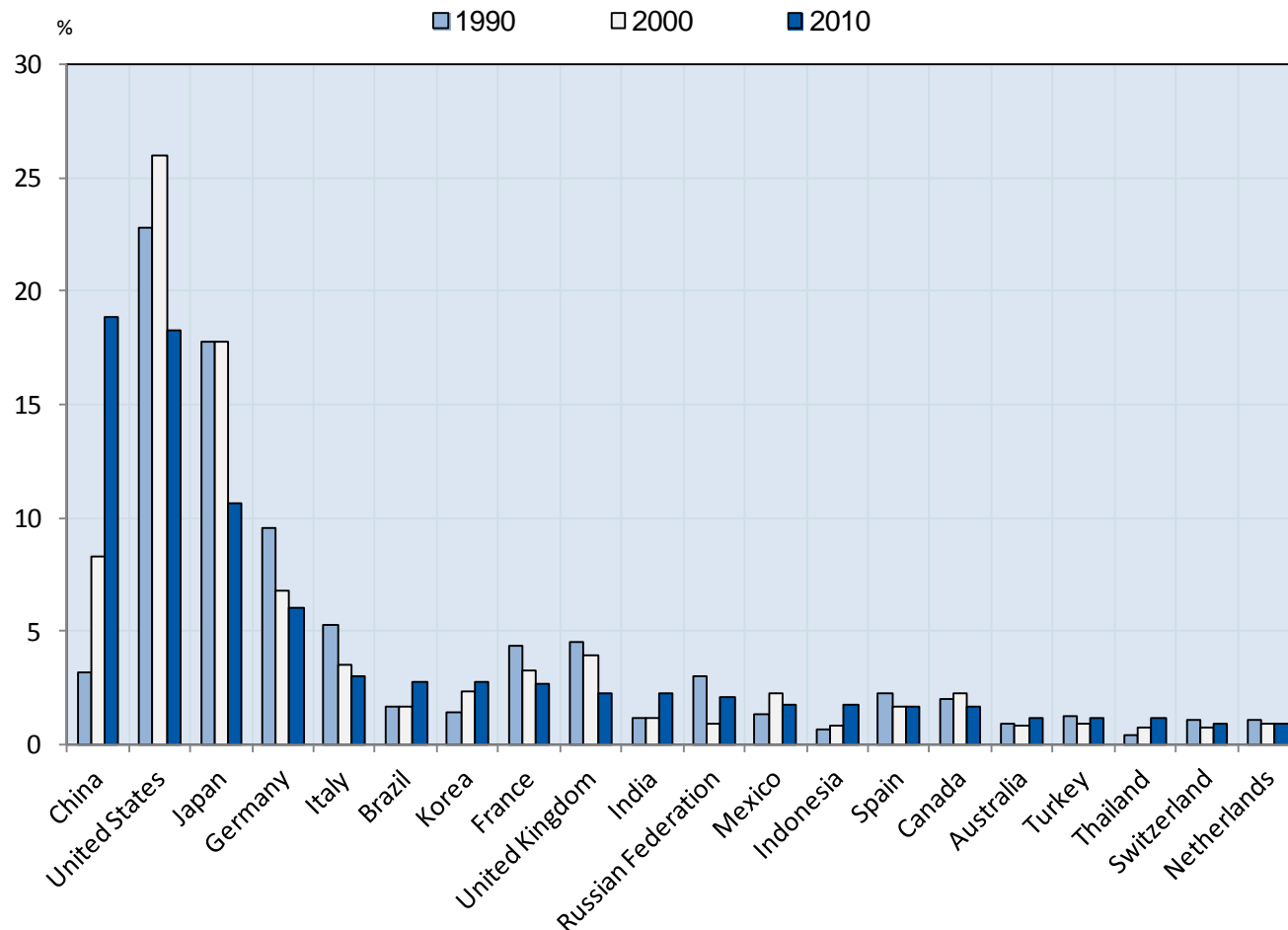


Source: OECD Development Centre

CHINA IS RESHAPING THE GLOBAL COMPETITIVE SCENARIO

World top 20 manufacturers, 2010

Country share in total world manufacturing value added



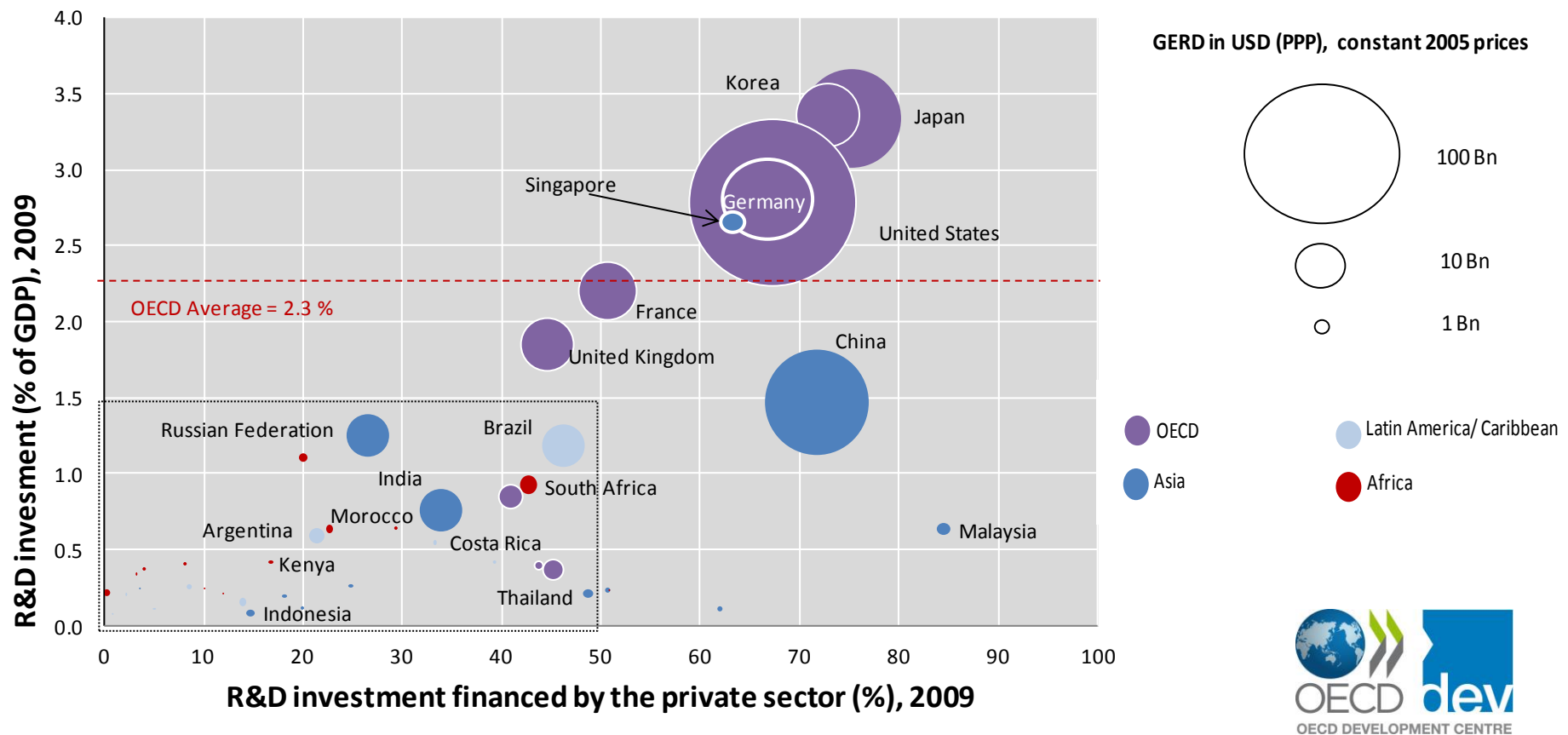
Note: Manufacturing refers to industries belonging to International Standard Industrial Classification (ISIC) divisions 15-37. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the ISIC, revision 3.

Source: United Nations Statistical Division, National Accounts Main Aggregates Database, March 2012.

Micro-economic changes

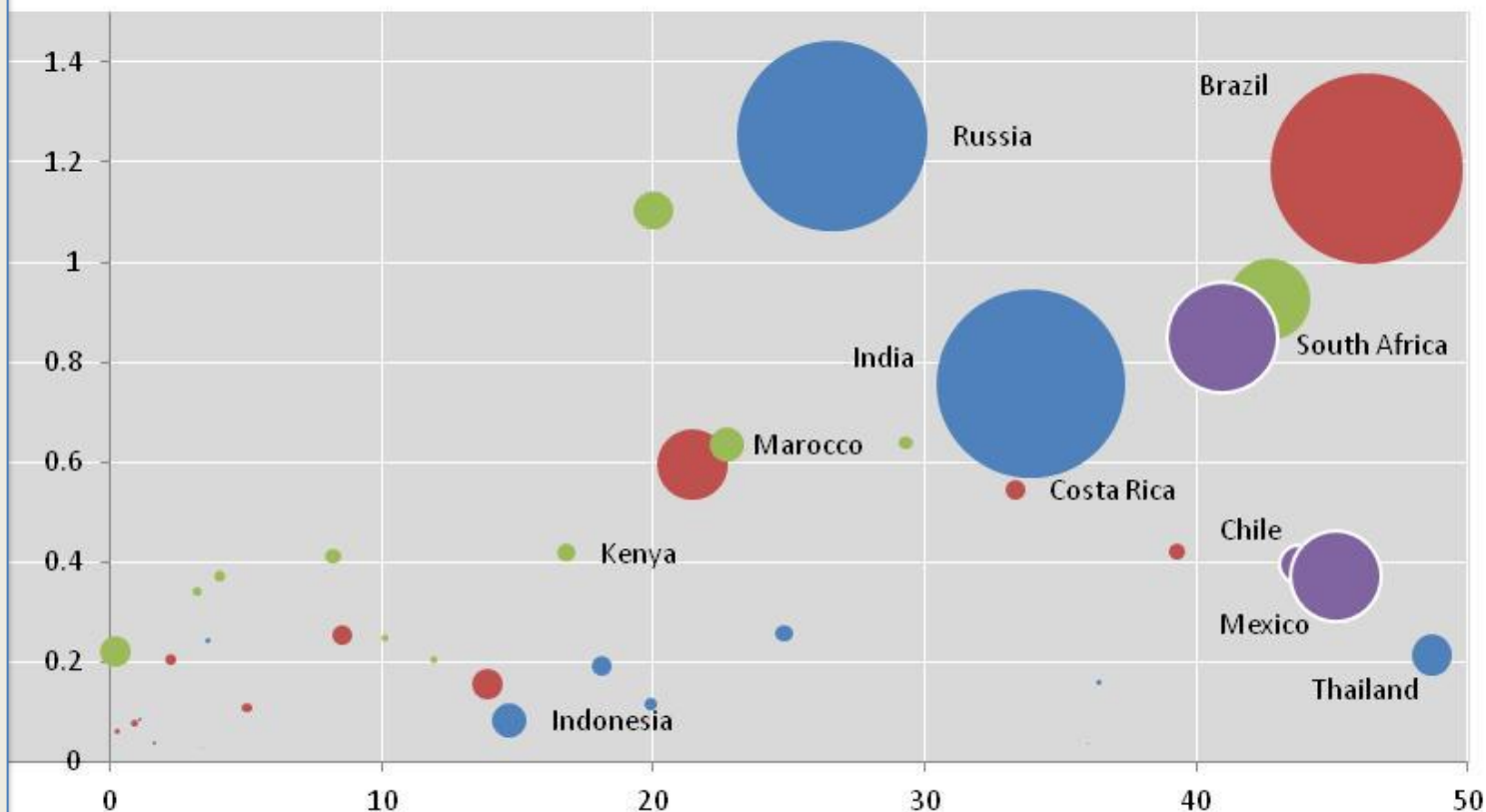
Prioritizing innovation: a key challenge (1)

Research and development investment and private sector commitment in selected countries, 2009



Source: OECD(2013), Perspectives on Global Development 2013 (forthcoming).

R&D
as %
of
GDP



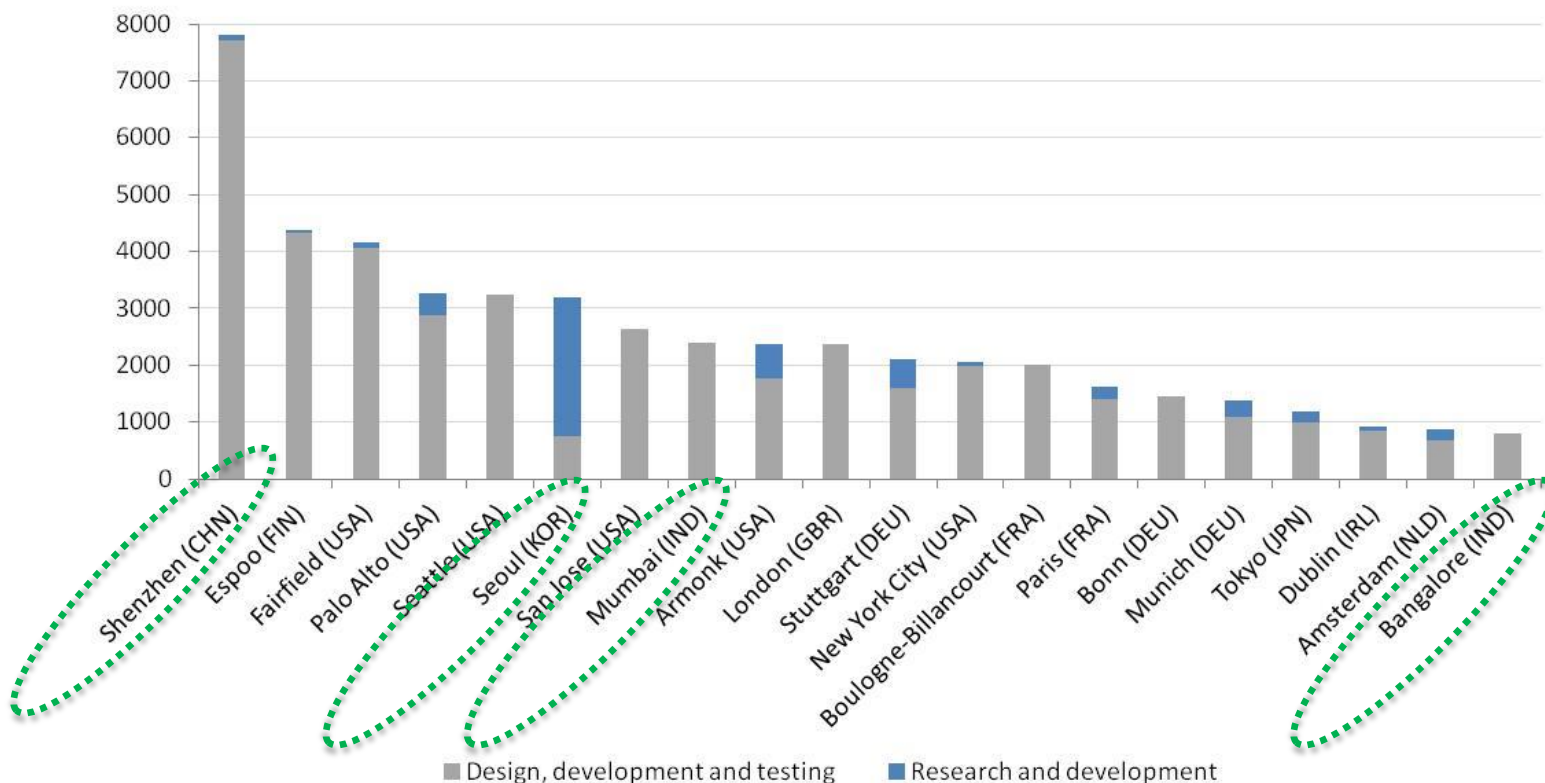
R&D investment financed by the private sector

Micro-economic changes

Changes in the organisation of production and new forms of FDI



TOP 20 WORLD CITIES THAT OUTSOURCE “INNOVATIVE” ACTIVITIES 2010-12 Number of Jobs

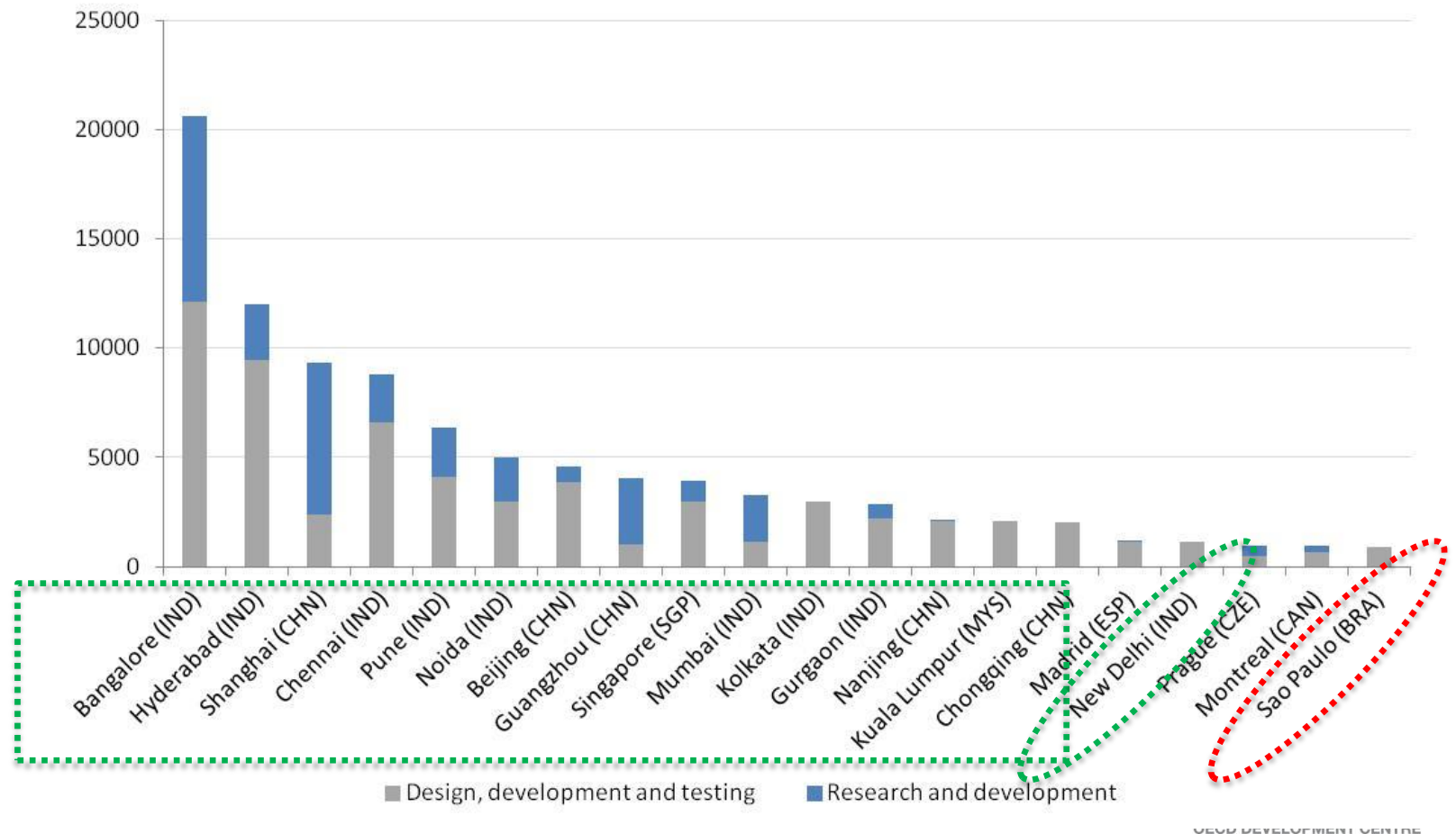


■ Design, development and testing ■ Research and development

Note: Research and development refers to projects that involve the discovery, design, or development of a product (i.e. technical design centre). Design, development & testing refers to projects that involve design, development or testing of a product (i.e. A software company opening a development centre would be classified in this category). To be included in research and development the project must include pure (technical) research.

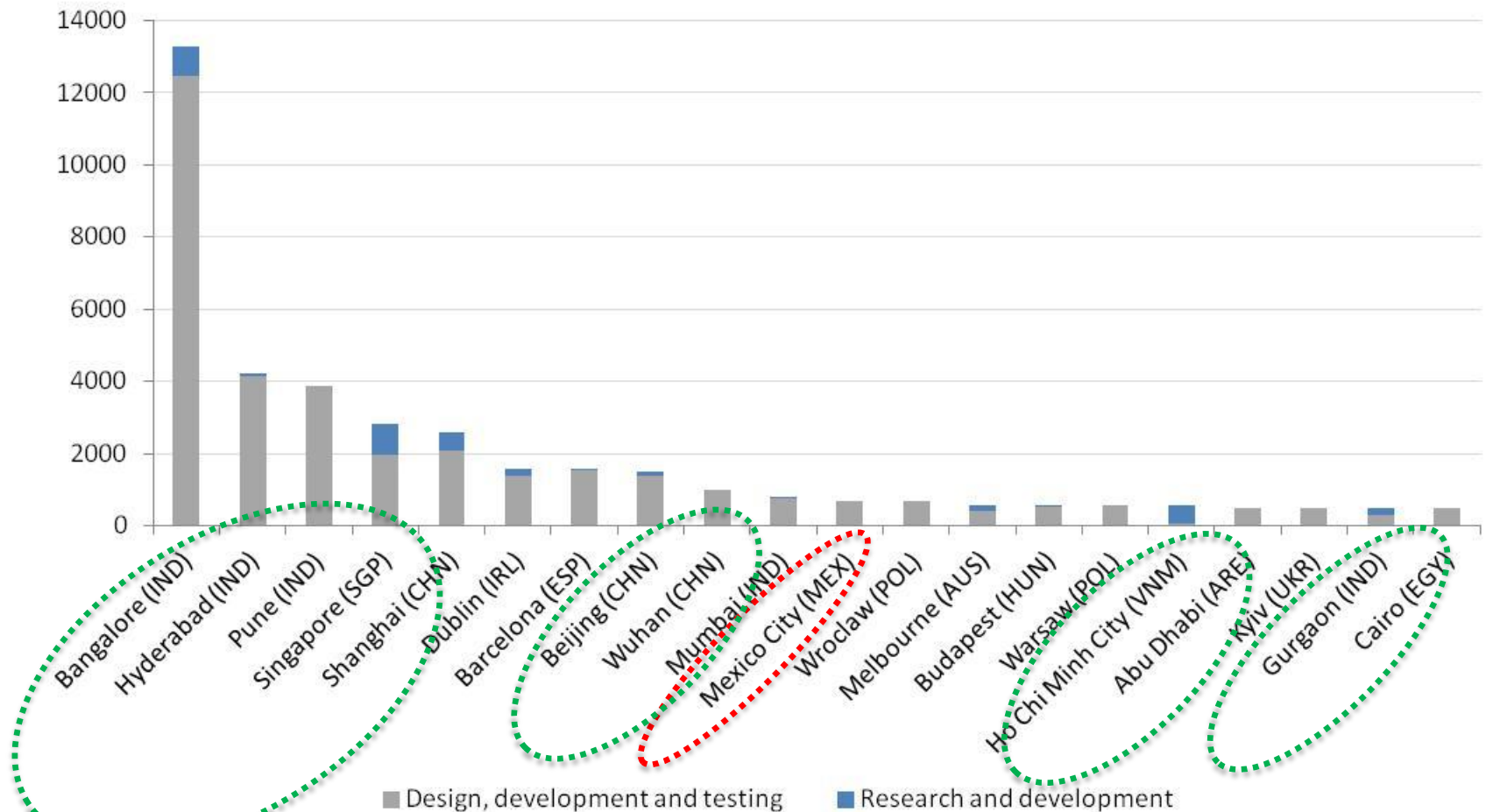


Top 20 world cities for reception of innovative FDI, 2005-2007





Top 20 world cities for reception of innovative FDI, 2010-12



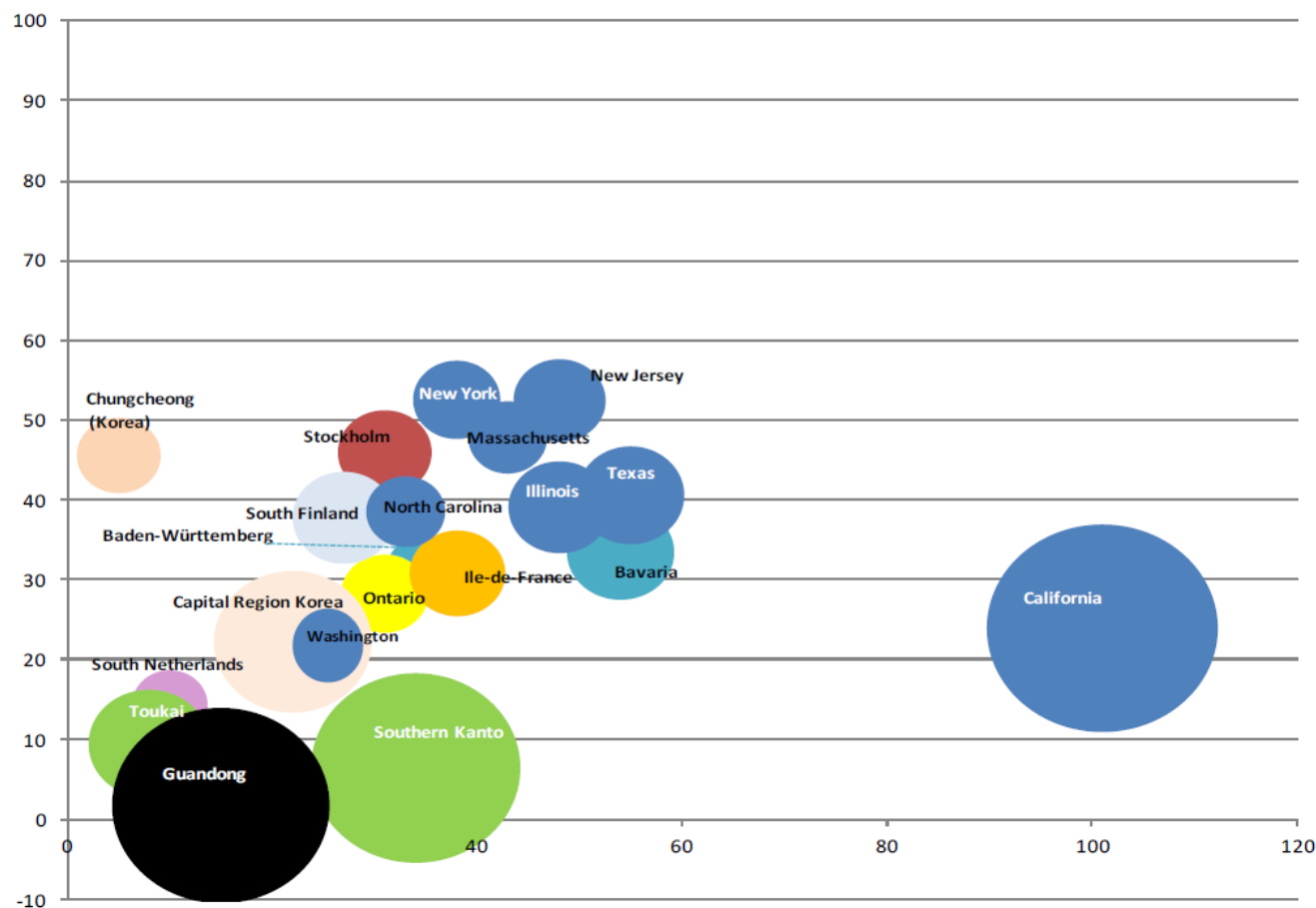
Micro-economic changes

New forms of collaboration and networks (global and local linkages)



2005-2007

Vertical axis: share of regional patent applications with at least one co-inventor located in a different region.
Horizontal axis: degree of regional co-inventorship network, i.e. the number of regions to which a certain region is connected through co-patenting (a rising degree value indicates a higher regional openness)



TELECOM

A variety of
collaboration
models
coexist
across
sectors and
regions

WHAT HAVE WE LEARNED FROM OUR WORK WITH PARTNER COUNTRIES ?

Institutions and governance matter



Ex. Territories are increasingly relevant for production development policies and innovation

VARIETY IN REGIONAL INSTITUTIONAL FRAMEWORKS, SELECTED DEVELOPING ECONOMIES

Degree of planning and financing responsibilities in industrial and innovation policy of sub-national governments	National multilevel governance setting		
	Federal countries	Unitary countries	
		Elected regional authorities	Non-elected regional authorities
Significant	Brazil India (Examples in OECD countries: Germany, Canada, Switzerland, United States)	Examples in OECD countries: Italy, Spain	China
Medium	Argentina Malaysia The Russian Federation (Examples in OECD countries: Mexico)	Colombia (Examples in OECD countries: France, Netherlands, Poland, Korea)	
Limited		South Africa Peru (Examples in OECD countries: Denmark, Turkey, Chile, Japan)	Indonesia Morocco (Examples in OECD countries: Ireland, Finland)



Note: China, India and Indonesia have multiple relevant institutions at different government levels below the national one with responsibilities in industry and scientific and technological development with non-elected authorities. Significant responsibility in industry and innovation does not imply a better performance, or a judgment of value; it refers to a different organisation and it implies different policy options. The degree of devolution of competences in innovation-related matters is subject to change. Information reported in this table refers to the first semester of 2010 for OECD countries, and to the second semester of 2011 for non-OECD economies.

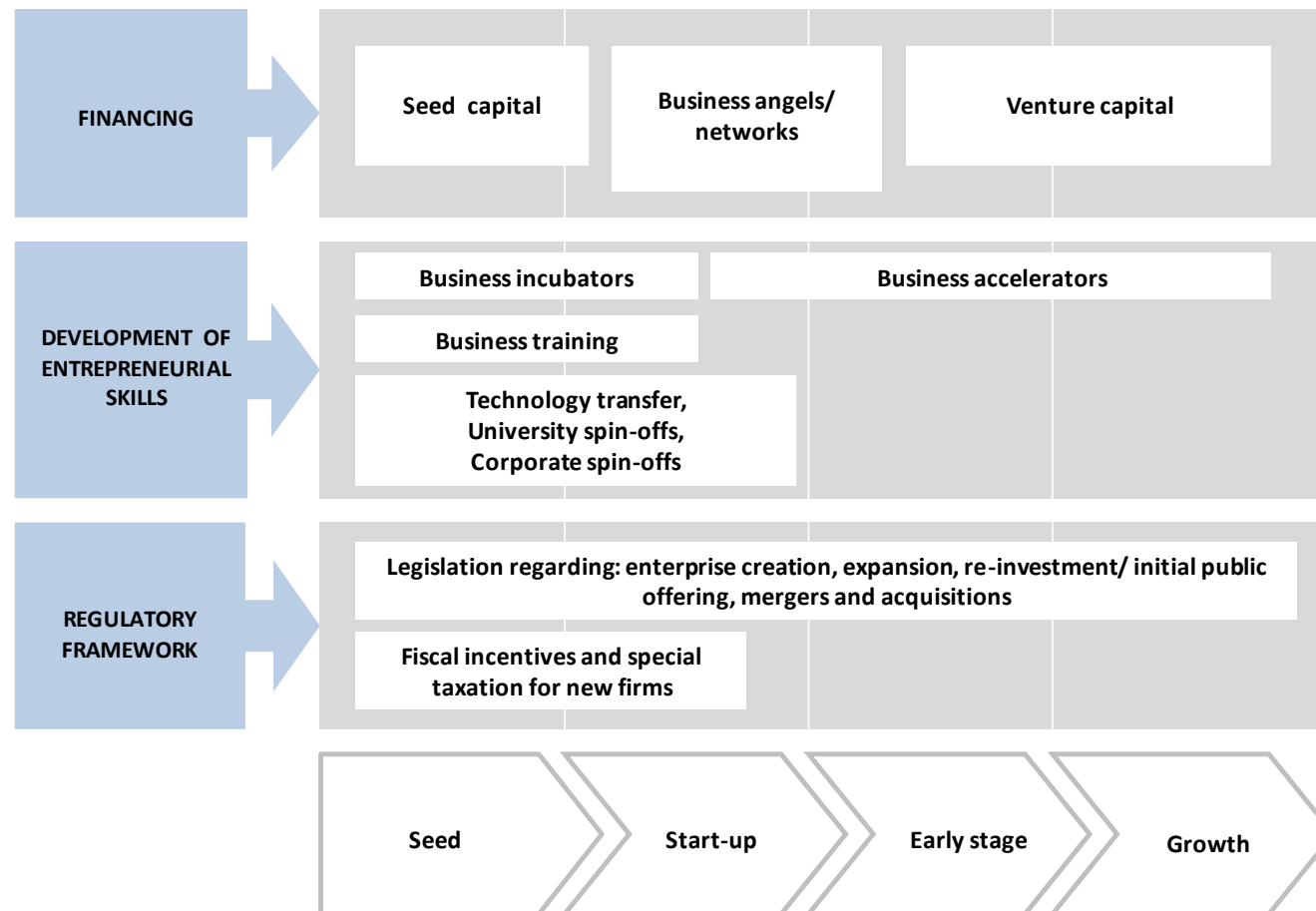
Source: Draws on and updates OECD (2011d) and OECD (2012a).

WHAT HAVE WE LEARNED FROM OUR WORK WITH PARTNER COUNTRIES ?

Policies matter



Ex. Latin American countries are starting to support the creation of start-ups



Learning in innovation and regional development policies

Categories	Definition	Learning from successful experiences	Latin American experiences
Choice (top down and bottom up)	capacity of the policy to select objectives, sectors/activities and beneficiaries	Ensuring high level political support to the Regional Development Agenda Gradually increasing spaces for bottom-up initiatives Identifying the challenges & defining a strategy (transformation, frontier or catching up) Going beyond technology centred innovation	“Plano de metas” Brazil
Coherence (Horizontal and vertical)	capacity to deal both with the cross-ministerial nature of innovation and with its diversified territorial impact.	Dealing with functional regions Fostering cross-regional collaborations Fostering cluster development	Major bottlenecks.
Consistency (time and financial)	capacity to ensure continuity in policy choices as well as fine-tuning as reality changes	Multi-annual plans Targeting resources at regions	Financing innovation from NNRR (Chile, Peru, Colombia-ongoing efforts)
Control (policy and social)	capacity of the institutional setting to ensure policy accountability and monitoring (policy control) and to allow stakeholders’ participation in the policy process (social control)	Observatories for regional development (metrics and policies)	Some national efforts, need to improve metrics. Costa Rica: interactive mapping of the NIS

Source: Primi (2013), “Innovation policies in Latin America: a tale of a (slow) learning process”, Forthcoming.

Changing roles and approaches to the “territory”

What do we observe in Latin America and in other emerging regions?



The issue is rising up: in the national development agenda and in the innovation and production development agenda (multiple reasons, not least the rising revenues from NNRR and the willingness to finance production upgrading and diversification on the basis of NNRR rents).

Contents and Discontents

New instruments for financing innovation/new “integrated” programmes and higher role of regional authorities (ex. Accumulated learning in techno parks, entrepreneurship&start-ups, more attention towards “regional development planning

Importance of the institutional setting

Increased demand for policy accountability (new demands for new indicators)

Challenges in policy coordination

New forms of globalisation and organisation of production and innovation challenges traditional policy modes.

Higher capacities and more strategic visions are needed in a context characterised by harsh competition

The OECD Development Centre work on innovation and territorial development

Perspectives on Global Development 2010
SHIFTING WEALTH

Perspectives on Global Development 2012
SOCIAL COHESION IN A SHIFTING WORLD

Perspectives on Global Development 2013

Latin American Economic Outlook 2012
Transforming the State for Development

Shifting up a gear:
Industrial policies in a changing economic landscape

Forthcoming!

Development Centre Studies
Industrial Policy and Territorial Development
LESSONS FROM KOREA



ATTRACTING KNOWLEDGE-INTENSIVE FDI TO COSTA RICA:
CHALLENGES AND POLICY OPTIONS



DEVELOPMENT HAPPENS

