

**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY  
COMMITTEE FOR SCIENTIFIC AND TECHNOLOGICAL POLICY**

**Working Party on Innovation and Technology Policy**

**Progress Report on the Activities of the Working Party on Innovation and Technology Policy (TIP)**

**Istanbul, 21-22 October 2008**

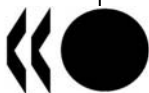
*Delegates will find attached an update of TIP activities covering ongoing and planned work in the context of the CSTP Programme of Work and the OECD Innovation Strategy. It is submitted for information and discussion under item 8 c) of the draft agenda.*

*CSTP delegates are invited to:*

- note the progress report of the TIP;*
- give guidance on the implementation of the TIP work programme for 2009-2010, notably the contribution of the TIP to the OECD Innovation Strategy.*

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## **PROGRESS REPORT ON THE ACTIVITIES OF THE WORKING PARTY ON INNOVATION AND TECHNOLOGY POLICY (TIP)**

1. The core mission of the CSTP's Working Party on Innovation and Technology Policy (TIP) as outlined in its mandate, to provide "advice on innovation and technology policies that enhance productivity, facilitate the creation, diffusion and application of knowledge, and foster sustainable growth and employment". In short, it aims to help member states to improve public policies to foster innovation for sustainable economic growth. To reach this goal, the TIP carries out analytical work in a broad range of areas consistent with its mandate. While the TIP Working Party is primarily responsible to the CSTP, it also reports on relevant aspects of its work to the Committee on Industry, Innovation and Entrepreneurship (CIIE).

2. Following the launch of the OECD Innovation Strategy (IS) in 2007, the CSTP and its working parties, alongside other OECD Committees have been solicited by the OECD Council to respond to the Ministerial request to "assist policy makers in harnessing innovation to achieve sustainable growth and development. This paper presents an update of ongoing work in the TIP as it relates to both the CSTP Programme of Work and the work planned in the OECD Innovation Strategy. Indeed, with its focus on thematic and cross-country analyses of best policy practices, the Innovation Strategy offers the TIP an opportunity to contribute outputs from its current activities, but also an opportunity to contribute new work from its planned activities in 2009-2010.

### **I. Current thematic activities in the 2007-2008 PWB**

#### ***Globalisation and Open Innovation***

3. The TIP has concluded the 2007-2008 project on *Globalisation and Open Innovation* with the release of a new publication, *Open Innovation in Global Networks*. The report, a draft of which was discussed and approved by the CSTP at its meeting on 31 March - 2 April 2008, presents the results of a project launched at the end of 2006, with the support from four lead countries (Belgium, Netherlands, Norway and Japan). The aim of the project was to analyse the drivers and evidence on the globalisation of R&D and the development of open innovation. It drew on both empirical data and evidence from 59 business cases studies in twelve countries to shed light on the practical aspects of open innovation strategies in companies. The report also identifies a number of areas where barriers to open innovation exist and examines possible options for government policies.

4. For November 20-21 2008, the TIP is organising together with the Japanese authorities, the Tokyo Symposium on Open Innovation as part of the 2<sup>nd</sup> International Symposium on Intellectual Café. The aim of the meeting is to deepen our understanding of open innovation by comparing experiences in Asian-based firms and research institutions with those based in western OECD countries. A second aim is to help define follow-up work on the policy implications from the work on globalisation and open innovation for 2009-2010.

## Evaluation of public R&D and innovation policies

5. Evaluations of government policies and programmes to support R&D and innovation have become a central part of the management and governance of public support for science and innovation. TIP work in this area aims to contribute to the broader CSTP project on Evaluation which aims to help countries develop better methods, tools and practices for evaluating public research and innovation policies. The project focuses on 3 main themes in the evaluation of public research, namely:

- ***Architecture of evaluation systems in OECD countries.*** This module involves a series of country case studies that map the institutional arrangements for designing and implementing evaluation of public research and innovation policies. Participating countries, notably China, Finland, France presented the findings of their national case studies at the June 2008 meeting of TIP. Austria, Israel, Norway and Japan have also joined the case studies. Countries have been invited to submit final drafts of their case studies in mid-October to enable the Secretariat to prepare the final report for the TIP meeting in December 2008.
- ***The “peer review” mechanism in the evaluation of research and innovation policy.*** This module examines the challenges to the peer review system in both *ex ante* and *ex post* evaluations of research, including international dimensions. Its aims identify ways to improve the contribution of peer review to research and innovation. A draft report on “Good Practices for Peer Review” [DSTI/STP/TIP (2008)4] was discussed by TIP Delegates in June and is currently being revised to be included in the final report to the TIP in December 2008.
- ***Evaluation and priority setting.*** The TIP and the RIHR (formerly SFRI) organised a workshop on 15-16 September to explore new developments in evaluation for policy making and to identify general principles and good practices for priority setting. The main findings of this work have been incorporated in a paper for the CSTP (see DSTI/STP(2008)17).

6. A fourth theme on internationalisation of evaluation, which was initially considered as a separate module at the start of the project, is being taken up in the existing three modules. The Secretariat will produce a final report for the TIP meeting in December 2008 which will be published in early 2009.

## Innovation and economic growth

7. The TIP is also contributing to the CSTP activity "the contribution of science and R&D to economic growth", by focusing in particular on the role of public support to R&D and innovation and its impacts. Recent work includes:

***Assessing the socio-economic impacts of public R&D.*** Following a literature review and an interim report on “Assessing the socio-economic impacts of public R&D” which was included in the *Science, Technology and Industry Outlook 2008*, the TIP organised a workshop on “*Impact Assessment of Public R&D*” at its June 2008 meeting in order to bring together national experiences and to identify good practices. Currently, a steering group of interested TIP delegates is helping the Secretariat design and organise the follow-up work planned for June 2009-2010. The proposal will be discussed by the TIP at its December meeting. The TIP also has an established tradition for collaborating with the NESTI and the broader statistical community on innovation indicator development for policy purposes.

## *Intellectual property rights, innovation and the diffusion of knowledge*

8. Following on earlier TIP work on IPRs and innovation, (*e.g. Patent Licensing Markets and Innovation; the Research Use of Patented Knowledge*), the Secretariat prepared a background paper on the issues and obstacles to international S&T collaboration posed by differences in IPR practices across countries [DSTI/STP/TIP(2007)20/REV1], which was discussed at the June TIP meeting. The TIP has

decided that this work would be best pursued in the context of further work on the globalisation of R&D and innovation and not as a separate activity. However, given the high priority given to IPR issues in the context of the OECD Innovation Strategy, and depending on resources, there may be scope for more specific work, in collaboration with other working groups and directorates.

### ***Tax incentives for R&D and innovation***

9. The TIP continues to monitor developments in fiscal incentives for R&D and to assess their impact on business R&D expenditure and performance. An increasing number of OECD and non-member countries offer tax incentives for R&D. At its June meeting, the TIP discussed and approved the summary report of the Joint TIP-French Research Ministry workshop on "*R&D Tax Treatment in OECD Countries: Comparisons and Evaluations*" which compared R&D tax credit schemes across countries and drew lessons from recent evaluation of such schemes in order to improve their effectiveness. The TIP continues to monitor trends in R&D tax credits in co-operation with NESTI and the Centre for Tax Policy and Administration. In the context of the 2009-2010 PWB, the TIP may organise a "Policy Roundtable" on this issue, exploring for example the links between tax policy, R&D tax incentives and economic growth.

### **Assessment of national science and innovation policies**

#### ***National innovation policy reviews***

10. The TIP contributes to the national innovation policy reviews being conducted by the CSTP, mainly through the contribution of Delegate comments and occasionally, the participation of TIP Delegates in country visits and interviews. The TIP is currently working with the Country Reviews Unit of the Science and Technology Policy Division to prepare a "synthesis of the national innovation reviews" for discussion at its next TIP meeting and in preparation for the planned thematic workshop on "Innovation Governance" (3-5 December 2005).

#### ***STI Outlook 2008***

11. The TIP's thematic work on impact assessment as well as its work on monitoring of national developments in innovation policy in OECD and non-member countries has contributed directly to the 2008 edition of the OECD *Science, Technology and Industry Outlook*, which will be released on 27 October.

## **II. Future priorities for TIP and links to the Innovation Strategy**

12. Policy demands in member countries together with the development of the OECD Innovation Strategy are shaping priorities for the next biennial work programme of TIP. The future priority areas result from priorities set by CSTP delegates in their establishment of the CSTP work programme for 2009-2010 and follow further consultations at the June 2008 TIP meeting. These priorities focus on TIP's contribution to the OECD Innovation Strategy as follows:

- **Changing Nature of Innovation:** TIP has shown particular interest in new dimensions of innovation, notably non-technological forms of innovation and innovation in services and their interaction with technology-based innovations. This work could include case studies of firms. This activity could include cooperation with other CSTP Working Parties (*e.g.* WPB, NESTI and WPN), CIIE and other relevant Committees. The work will contribute to the *IS Pillar on Changing Nature of Innovation*.

- **Globalisation of Innovation:** TIP will continue to explore how national policies need to adjust to the globalisation of innovation. This work follows on work in 2007-2008 on R&D internationalisation and open innovation; it will feed into the *IS Pillar on Globalisation*. This work will certainly involve cooperation with other Committees, including CIIE.
- **Demand for innovation/innovation for global challenges:** TIP has expressed interest in examining demand-side policies, such as policies related to lead markets, public procurement, *etc.* It has also expressed interest in exploring the role of global challenges in driving innovation. This work would contribute to the *IS Pillar on Markets and Governance* and the *IS pillar on Global Challenges*. The activity could include cooperation with CIIE and other Committees and Directorates involved in these areas of work.
- **Evaluation and impact assessment:** A core activity for TIP, as innovation policy makers need to demonstrate that the policies for which they are responsible are effective and have a positive impact on economy or society. How to proceed on this work will depend on the finalisation of the project on evaluation and the proposals for work on impact assessment being developed by the expert steering group. This work is closely linked to the NESTI work on indicators and would primarily feed into the *IS Pillar on Markets and Governance*.
- **Policy roundtables.** The TIP will organise roundtables on a variety of issues to support work in the other areas or to explore new areas. This includes work on direct and indirect public support to R&D (*i.e.* grants, tax credits); clusters; new frontiers of innovation policy, *etc.* (in collaboration with the Working Party on Biotechnology, the Working Party on Nanotechnology and other Working Parties and Committees).

13. It is the intention of TIP to move ahead rapidly with some of these projects at its December 2008 meeting to enable the main substance of some projects to be finalised by end-2009 and thus contribute to the work on the Innovation Strategy. A more detailed roadmap for the planned work in 2009-2010 will be prepared ahead of the December 2008 TIP meeting.

14. Apart from these projects that are included in the CSTP Work Programme for 2009-2010, TIP's long experience in technology and innovation policy implies that it is in a good position to contribute and help explore other dimensions of innovation that may be examined in the context of the OECD Innovation Strategy. The TIP Roundtables provide substantial scope for joint activities with other Committees and stakeholders, for example.

#### ***TIP chair and bureau***

15. Elections for the TIP Chair and Vice-Chairs in the Bureau were held at the June 2008 meeting. The current members are as follows:

- Patrick VOCK (Switzerland) as TIP Chair.
- Ward ZIARKO (Belgium).
- Eric HAUET (France).
- Carlo CORSI (Italy).
- Shinji OKAKURA (Japan).
- Arie Van Zer Zwan (Netherlands).
- Krzysztof GULDA (Poland).
- Mark BOROUSH (United States).