

Upgrading in global (and regional) value chains
and “smart specialisation”:
evolving concepts for policy making and advice

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“Smart Specialisation: Strategies for Sustainable Development”

- The concept of “smart specialisation”
- Regions and “cooperation” challenges => views from emerging and developing economies
- Global (and Regional) Value Chains: what do they mean for regions?

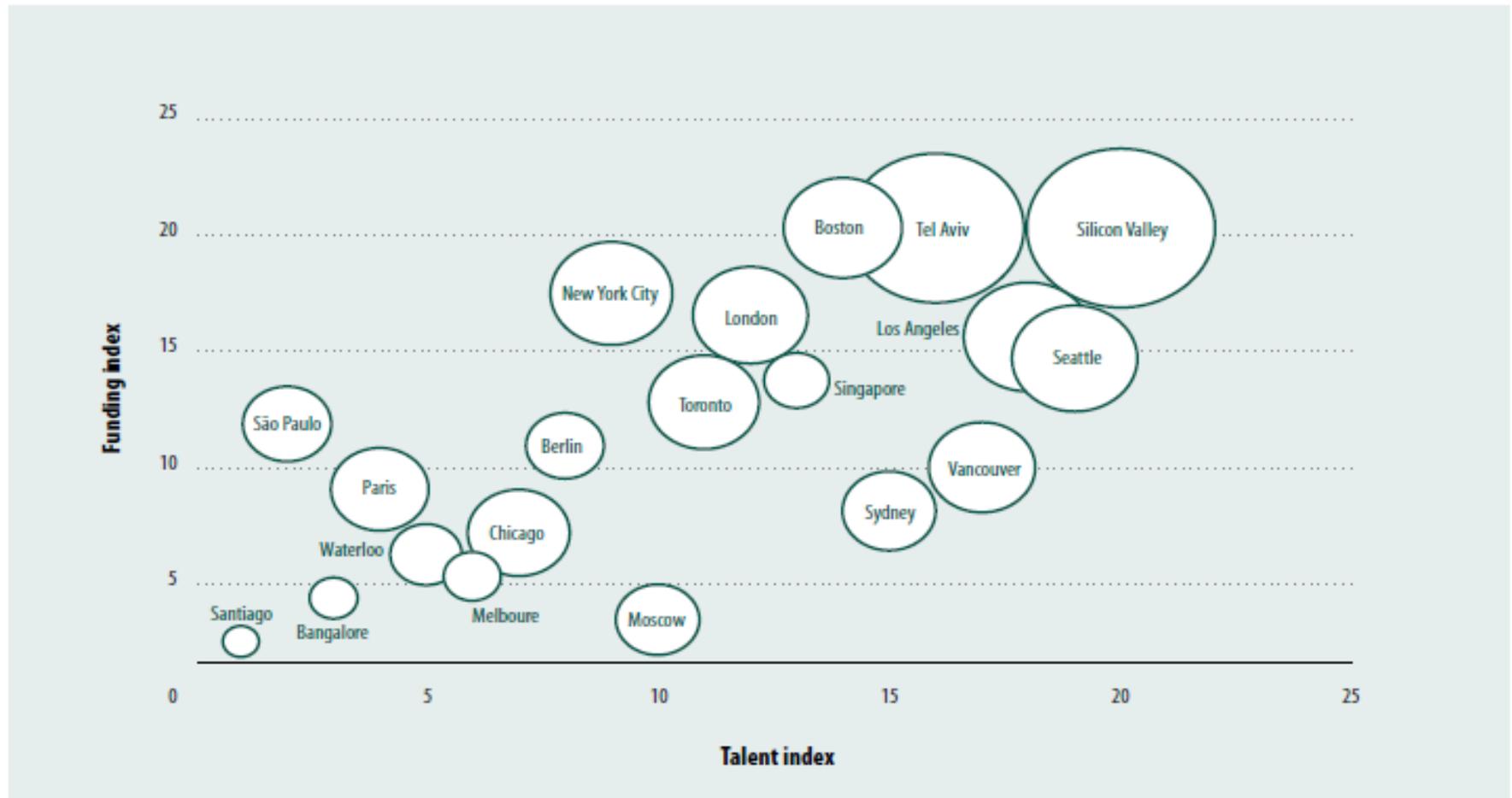
Different concepts....and a main common challenge (smart specialisation, industrial policies, promoting upgrading in GVCs, etc.)

- Identifying ways to improve the capacity of public policies to deliver better “outcomes” to the societies in the global economic context
- The contribution of smart specialisation (and a major challenge) => bridging innovation and industrial policies
- Convergence in the debate in the EU and in emerging and developing economies => **growth⁺ framework**
- Growing interest in implementation => **territories and regions become crucial actors**
- The definition of the scope of intervention: the **R&D⁺** debate (the importance of clarifying the **rationale for State intervention**)

Cooperation between regions: issues emerging from “reality”

- Increased cooperation (at the innovation and production level) is not always associated with better performance.
- Where the **demand for cooperation** comes from? (=> the **emergence of new innovation hotspots** in the world; recent developments based on the new schemes for financing coming from the royalties on mining production as a source of development finance)
- The experience of dealing with **functional regions** (=> very challenging in contexts with weak capabilities)
- There are **governance challenges** in contexts where “regions” are historically weak and have limited margins of manoeuvre in terms of resources (=> there national pacts/agreements are determinant)

Figure 5: Top world start-up ecosystems, 2012



Source: Author's elaboration, based on Telefónica Digital and Startup Genome, 2012.

Note: The bubble size indicates the positioning of each territory in the total ranking, where Silicon Valley ranks at the top (i.e., 20) and Santiago at the bottom (i.e., 1). In each index, Silicon Valley is assumed to be the reference and it ranks at the top (i.e., it scores 20). The funding index measures the availability of risk capital in each start-up ecosystem, while the talent index ranks the skills of the start-up founders in each territory, taking into account different variables including age, education, work experience, and industry domain expertise, among other factors.

WHAT HAVE WE LEARNED FROM OUR WORK WITH PARTNER COUNTRIES ?

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	<p>Brazil India</p> <p>(Examples in OECD countries: Germany, Canada, Switzerland, United States)</p>	<p>Examples in OECD countries: Italy, Spain)</p>	China
Medium	<p>Argentina Malaysia The Russian Federation</p> <p>(Examples in OECD countries: Mexico)</p>	<p>Colombia</p> <p>(Examples in OECD countries: France, Netherlands, Poland, Korea)</p>	
Limited		<p>South Africa Peru</p> <p>(Examples in OECD countries: Denmark, Turkey, Chile, Japan)</p>	<p>Indonesia Morocco</p> <p>(Examples in OECD countries: Ireland, Finland)</p>

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: OECD (2013); Draws on and updates OECD (2011d) and OECD (2012).



1 Advisory Board of Experts from 8 International Organizations:



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The proposal of the **Production Transformation Policy Reviews**

A new tool for understanding:

- Where do we are?
- Where do we want to be?

(the importance of benchmarking and of selecting the peers)

Objectives

- **Provide a guiding framework** for policy makers to identify options and actionable policy responses to promote structural transformation.
- Increase the collective knowledge about the **variety of development patterns** and **narratives** based on in-depth review of countries' experiences.

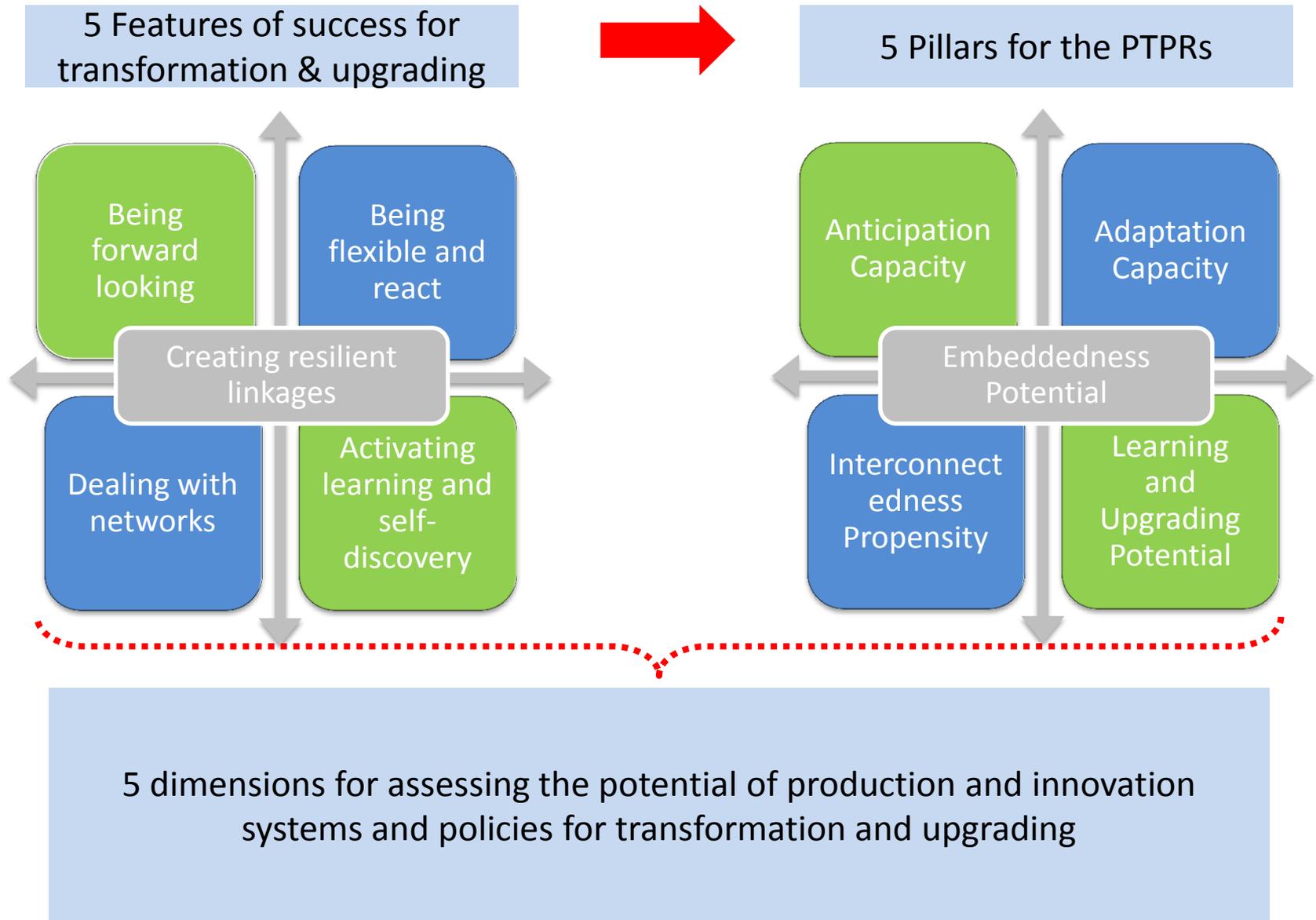
Rationale

- **Countries'** growing **attention** to the design and implementation of policies to promote production transformation and industrial development
- The coming back of **industrialization** in the development debate (the return of "**industrial policies**" and the new forms of industrial policies)
- Increased relevance of **networks** for production and innovation
- Policy design and implementation requires **sophisticated diagnostic and articulation capacities**
- Increased **demand** from citizens and communities on growing **accountability** of:
 - Policy choices
 - The capacity of these choices to generate concrete outcomes

The assumptions

- Development is a process of **qualitative and quantitative change** of socio-economic structures → production structure matters in shaping development trajectories
- **Policies** play an important role in **shaping development trajectories** and in supporting the transition towards superior development stages.
 - **Intrinsic selectivity** of policy interventions
 - Multi-dimensional
 - Multi-annual
- The **uncertainty** and complexity of the current global economic landscape call for more sophisticated policy approaches

The framework for the Production Transformation Policy Reviews (PTPRs)



Some recent OECD References

INNOVATION-DRIVEN GROWTH IN REGIONS: THE ROLE OF SMART SPECIALISATION”

<http://www.oecd.org/sti/inno/smartspecialisation.htm>

Contact: Mario Cervantes mario.cervantes@oecd.org

REGIONS AND INNOVATION: COLLABORATING ACROSS BORDERS

www.oecd.org/gov/regional/innovation

Contact: Karen Maguire karen.maguire@oecd.org

POLICY DIALOGUE INITIATIVE ON GVCs, PRODCUTION TRANSFORMATION AND DEVELOPMENT

<http://www.oecd.org/dev/global-value-chains.htm>

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