

## Learning, Innovation and Inclusive Development: New perspectives on economic development strategy and development aid

*Development is a process of interactive learning and innovation. Evidence shows that innovation is widespread and common in developing countries and leads to productivity increases in about the same ways as in high income countries. Building local, regional and national systems of innovation may thus be a central part of a viable development strategy.*

*However, over the years it has become clear that **rapid technical change and economic growth may be accompanied by increasing income inequality and aggravated rural-urban disparities.** Countries like Brazil, India and China have been facing deepening social and economic inequalities.*

*This puts **social, political and economic inclusion on the development agenda.** How can the many millions of people who have not yet experienced the kind of improvements that are expected to follow from economic growth and development become included in the processes of enhanced well-being? How can inclusive development be realised?*

***Inclusive and interactive learning and innovation may be a central part of a viable development strategy.***

Inclusive innovation and inclusive development have recently become accepted as important goals for development practitioners and donor organisations. Yet they host a number of tensions and pose dilemmas which are worth exploring.

In 2012, the Globelics Secretariat issued a Thematic Review of 91 research papers produced within the Globelics network of scholars. The review examined **inclusive innovation and inclusive development**, attempting to frame the concepts and provide a Globelics perspective on possible processes and methods for economic development strategies fostered by development aid.

### Why and how inclusion matters?

**Economic growth in less developed economies has often come hand-in-hand with growing poverty among social and ethnic groups.** Often innovations in poor as well as rich countries open up new forms of inequality. For instance, innovation can increase demand for and the relative income of highly skilled workers, or allow regions that host innovative enterprises to grow more rapidly than others. Hence economic growth does not necessarily achieve development – understood as a capability driven enhancement of different

freedoms. Some social classes, ethnic groups, and regions are left behind. Groups who are not afforded the opportunity to share in economic growth suffer from more than lower incomes, and, more importantly, are deprived of the ability to exert their capabilities.

**Social inclusion** matters because it is not only a way to support development, but also as an **aspect of development itself.** It is an instrument for development because giving voice, capabilities and rights to those excluded for ethical, social, gender or other reasons reduces social tensions, brings new resources into society, increases effective diversity and supports innovation. At the same time, it is an increasingly important aspect of development, as it constitutes freedoms and capabilities.

**Inclusive development is a process of structural change that gives voice and power to the concerns and aspirations of otherwise excluded groups.** It distributes resources generated in both the formal and informal sectors in favour of these groups, and it allows them to shape the future of society in interaction with other stakeholder groups.



The challenge facing those determined to support inclusive development is **how to induce social inclusion and achieve economic development at the same time, in a way that they support each other.**

While redistributive policies that provide greater resources to those that have been left behind can certainly help they are not enough. Successful policies that encourage inclusive development provide citizens with the opportunity of playing an **active role in their own development and forming the processes of political, social and economic change.**

This entails developing **inclusive institutions** whose purpose is to prevent powerful elites from rigging the rules of the game for their own benefit. To achieve this, a thorough understanding of the mechanisms of exclusion and inclusion at all level of society is required. It also means supporting organisations - both formal and informal - that help to include citizens that have been excluded.

### Interactive learning and innovation at the centre of inclusive development

Economic systems rely more and more on knowledge and having access to others with knowledge. **Knowledge is a development factor:** it has value in itself, creates opportunities for enhanced well-being, improves job opportunities and productivity, increases utility of consumption of goods and services.

While the human being is compelled to being industrious and creative and to strive for social and economic improvements, **it places learning at the centre of technical and economic change.** Learning is an integrated part of development and development leads to increased demand for learning. Learning and innovation are fundamental processes in development.

Being excluded from educational opportunities hinders citizens both economically and socially. Lack of access to education and other learning opportunities discourage innovation. **Giving wide access to knowledge and supporting knowledge creation through basic education and other learning opportunities** is necessary to promote inclusive development. Selective efforts that offer education to excluded minorities may be seen as major steps toward including them.

A shared basic education and human development was a crucially important aspect of the successful development of East and Southeast Asia, while Japan, Singapore, Korea and China built up capabilities relating to learning and innovation.

Learning is multifaceted and requires practitioners to address a number of interconnected social situations. Learning takes place in many environments and on many levels, as addressed in Table 1.

*Table 1 Multiple facets of learning*

Learners	Fields	Ways
<ul style="list-style-type: none"> <li>• Individuals (as citizens, consumers, producers, researchers, policy makers)</li> <li>• Firms</li> <li>• Other organisations (universities, technological service organisations, banks, other financial organisations, patent offices, government departments)</li> </ul>	<ul style="list-style-type: none"> <li>• Technological learning (about products and processes)</li> <li>• Organisational learning</li> <li>• Consumer learning</li> <li>• Policy learning</li> <li>• Institutional learning</li> </ul>	<ul style="list-style-type: none"> <li>• By doing</li> <li>• By using</li> <li>• By interacting</li> <li>• By (re)-searching</li> </ul>

**Formal education is not enough:** skills have to be used in order to be effective in development. Achieving inclusion implies efforts in the design of education systems, content and methods of teaching. These should combine school subjects with the realities of everyday life and school activities with activities outside school that may enhance learning effect. This means combining course work with problem-based learning and integrating training with practical and relevant professional experience. Social interaction needs to increase and, importantly, people need to be taught to learn on their own so that they are better able to adjust to fast-paced change that has become the norm in the innovation age.

While education policy is one obvious avenue for producing results in inclusive learning, practitioners also need to focus their attention on **learning outside of a formal environment.** What opportunities exist for employees to engage in training programmes and what incentives can policy-makers provide? How can active participation in the policy process help to further goals of (inclusive) learning?

**Access to learning occurs in all aspects of a citizen's life, from social to vocational to political.** Citizens need to be given the tools to learn in all domains.

## Interactive learning spaces as an instrument to stimulate innovation and inclusion

**Interactive learning spaces** (ie. innovation parks, networks of experts, regional industrial clusters) allow different kinds of organisations, experts, and policy-makers (ie. employers, employees, labour market organisations, producers, researchers, regional institutions) to meet and exchange ideas. They are a building block of innovation systems. Social and political legitimacy and support are important factors in building these such as illustrated by the Uruguay foot-and-mouth disease outbreak management: it resulted in the production of a vaccine by self-organised biotech private and public institutions which was not released due to lack of political support and concerns on the safety and quality of the product.

**Policies should identify, protect and promote interactive learning spaces.** This involves supporting, reorienting and creating new networks and linkages within and across technologies, sectors, markets and around problem-solving. For instance, policies can play a role in providing the space for innovation parks or giving research funding to collaborative efforts.

A policy tool that can be systemic, participatory and explicitly addresses strategy building can be found under the concept of foresight. **Foresight is a dynamic planning tool and a systemic process** with participatory and inclusive elements and opportunities rather than being based on expert input. It is a tool for supporting broad transitions towards a learning economy. The purpose of foresight is to imagine different futures and their consequences and, on that basis, engage in informed decision-making. The perception of future exerts a strong influence on the direction of learning and innovation. Foresight for development may not only make innovation more likely but also shape the direction of innovation towards solutions.

## Further Reading

Acemoglu, D. and Robinson, J. (2012), *Why Nations Fail: The Origins of Power, Prosperity and Poverty*, Crown Publishers.

Andersen, A. D. and Andersen, P. D. (2012), Innovation-system foresight: A conceptual exploration of innovation-system research and foresight: Explicating and systemizing the innovation-system foundations of foresight and exploring its implications, Scientific Report, Danish Technical University, Department of Management Engineering.

Arocena, R. and Sutz, J. (2000), 'Looking at national systems of innovation from the south', *Industry and Innovation*, 7(1), 55–75, Taylor and Francis.

Fagerberg, J., Schrolec, M. and Verspagen, B. (2010), 'Innovation and Economic Development', in Hall, B. H. Rosenberg, N. (Eds.) *Handbook of the Economics of Innovation*, Volume 2, North Holland.

Sen, A. (1999), *Development as Freedom*, Anchor Books.

World Bank (2010), *Innovation Policy. A Guide for Developing Countries*, The World Bank, Washington, DC.

**Policy recommendations on learning, innovation and inclusive development**

**Combine support to innovation for the poor and innovation by the poor**

Innovation and competence-building are fundamental for offering more people a better chance to live the kind of life that they want to live. The aid policies should seek to apply participatory processes in relation to problem and conflict solution and in relation to medium and long-term strategic planning. Development policies should be coupled with innovation and learning policies.

**Involve local partners in designing experiments**

There is tension between top-down expert-driven development and the bottom-up approach called for in inclusive development. Handled with caution and respecting the autonomy and authority of government and the dominating culture in partner country, fostering experiments with local partners and taking into account indigenous context and constraints is one lever available to donors.

**Support the development of inclusive foresight exercises**

Closely developed with partners in developing countries, these exercises shall aim at forming common visions for the future and a common understanding of the most important problems and opportunities in relation to economic development. One first focus could be how the formal and informal institutions engaged in the production and diffusion of knowledge interact with users in the formal and informal sectors, and to what degree they include or exclude citizens and organisations in processing of interactive learning. Foresight exercises could result in both a broad development agenda and in defining specific new spaces of interactive learning that would aim at breaking down barriers for development and open windows of opportunities.

**Credits**

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