



Technological change and innovation in industrial policy

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Firm level technological change perspectives

#	Drivers	Approach	Capabilities
Level #1	Increasing efficiency. i.e Reducing cost	Technological upgrading.	Newer technologies in the same domain/sector.
Level #2	Creating alternate value. i.e Waste beneficiation.	Augmenting alternate technologies.	Newer/existing technologies from new domain/sector.
Level #3	Creating new value. i.e Entering new market.	Developing new technologies.	Entirely new/unproven technologies.



Firm level technological change perspectives...

#	Risk	Investment	Return on investment
Level #1	Low	Low	Short-term
Level #2	Medium	Medium	Medium-term
Level #3	High	High	Long-term



Implications for industrial policy

- 1** Differentiated and risk-based industrial policy.
- 2** Industrial policy anchored on technological and innovation capability building.
- 3** Targeted R&D investment to upgrade existing industries and/or create new industries.
- 4** Innovation and industrial policy are highly intertwined.



Thank you

