



Termos de Referencia

Workshop : Promotion of Innovation and Creativity

Innovation and creativity matters! The reality of the so-called “knowledge economy”, is that innovation and creativity are fast becoming the “only” competitive advantage of nations. Innovation and creativity directly impacts the capacity to export. In fact, the countries that have experienced the most rapid growth are the ones that have gradually shifted their export structures over time from low technology, low-skills, and largely labor-intensive products to high technology and high-skill products.

The examples of Japan after World War II, South Korea, Taiwan, Singapore, and Hong Kong in the 1980s and that of China come to mind. They and many other nations such as Malaysia, Vietnam and India have all demonstrated the importance of moving up the value chain despite the received ideas from trade theories. As Lall (2000) argues, export structures, being path-dependent and difficult to change, have implications for growth and development.¹ Low technology products tend to grow the slowest and technology intensive products the fastest. This is why the East Asian Tigers grew much faster and quickly transformed their economies compared to most countries in Africa with our specialization in primary commodities. There is a high correlation between success in exporting technology intensive products and GDP.

Critical also is that success in innovation and creativity is key to structural transformation as well as export success in an ever-globalizing world. The good news is that Cape Verde has begun to innovate, especially in the e-governance space and its creativity in the arts is unquestionable. The reality though is that these have not had discernable impact on its exports or have they signaled structural change in the economy, which continues to be narrow, and persistently in trade deficits. The limited exports of Cape Verde continue to be dominated by low-tech products, especially fisheries. The challenge is transforming the innovativeness and creativity of Cape Verdeans into economic success.

Cape Verde will have to work towards building an innovation and creativity driven economy. This however will require highly qualified knowledge workers, professionals and entrepreneurs. The capacity to process knowledge, innovate and produce increasingly sophisticated export products is highly dependent on the level of human capital. There will also be a need to improve the quality and relevance of the educational system, promote linkage between academia and businesses, put in place an efficient system for financing innovation (and especially start-ups and SMEs), and facilitate building of a robust national innovation system in which all stakeholders are actively playing their respective roles.

¹ Sanjaya Lall (2000). The Technological Structure and Performance of Developing Country: Manufactured Exports, 1985-1998. *Oxford development studies*, 28(3), 337-69.

The workshop session will examine the innovation and creativity, with a focus on the prospects for the future. Crucially, the workshop will take stock and propose ideas for the way forward. Specifically, the workshop will therefore focus on the following questions:

1. How to develop a national system to promote innovation and creativity?
2. How to develop complementarities between investigators, producers and the market?
3. What system to best finance innovation?
4. What knowledge management system to accelerate the culture of innovation at the level of both the private and public sectors?
5. What education system can best promote a culture of problem solving through innovation?