

Editorial

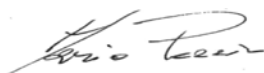
Innovation and the creation of new firms are essential to sustain medium- and long-term growth. In the global knowledge economy, countries' capacity to grow sustainably while attending to the demands of the emerging "middle classes" depends largely on their ability to create new jobs, close the productivity gap and raise the competitiveness of domestic firms. Technology-based start-ups are essential to transform a country's production and can boost and diversify the economy. But they must overcome major hurdles to get up and running and to expand, especially in developing countries.

Latin American countries are currently moving policies to support productive development and innovation up their development agendas. In particular, they are creating new incentives and new forms of finance. Amid renewed interest in innovation, start-ups are an emerging topic in Latin American countries. This report shows that several Latin American countries are in the process of strengthening their existing instruments and designing new programmes to foster start-ups. Different countries in the region have adopted different support models. In Argentina, major research projects have given rise to successful spin-offs, but financing them is still a major hurdle that is holding back their creation and development. Brazil has the most dynamic private sector, in part due to the size of its economy. Chile has emphasised the international focus of new technology-based firms, striving to attract talent and expand Chilean start-ups internationally. Colombia and Peru are currently designing new finance and training schemes to support new entrepreneurs. In recent years, Mexico has invested in improving its regulatory framework to foster the development of start-ups. In many cases it is still too early to assess the impact of support for start-ups in these countries. However, a review of current government measures to foster new innovative firms reveals that the region is making progress. It has accumulated learning and achieved much, but it still faces many challenges.

How can governments efficiently support the creation of start-ups on the basis of new demands or scientific and technological advances? How can they generate synergies between emerging initiatives in the private sector and public policies? Access to finance is a determining factor, but effective policies require greater co-ordination among infrastructure policies, provision of services and policies to support skills and innovation. They also require a better regulatory framework to foster the creation and development of start-ups.

This report offers an overview of policies to support the creation of start-ups in Latin America, focusing on each country's strategic options and challenges. The report analyses the main policies of some OECD countries (Australia, Finland and Israel) then compares them with the mechanisms in six Latin American countries (Argentina, Brazil, Chile, Colombia, Mexico and Peru). How innovation can contribute to development in Latin America is currently the subject of discussion. This document is an important contribution to that debate, revealing the countries' accumulated learning in supporting the creation of start-ups and setting out policy options to advance in this area.

Countries in the region are rethinking their development strategies to take advantage of the present economic climate and move towards sustained, inclusive growth patterns. In this context, new firms are essential to ensure the new economic environment can be navigated successfully. Public policies can play an important role in generating incentives to create new firms and in promoting productive diversification. It is therefore important for countries in the region to share their experiences and to discuss policies when they are looking to improve their innovation policies. They can thus share their accumulated learning and reflect upon how to deal with emerging challenges. This report, which was compiled as part of the process to strengthen dialogue on innovation policies in Latin American countries, is a relevant contribution to the present debate on how to mobilise private-sector initiative and start-ups for development.



Mario Pezzini
Director,
OECD Development Centre



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