

## There Is a Deficiency in Innovation Policies in the World



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### What are the latest changes to innovation policy in the world?

First of all, the last two years there were a lot of talks about innovations. I doubt that there are many changes, but everybody is talking about it because competition became much more severe. There are countries that feel that they cannot compete with products, with manufacturing. The main threat came from the East, from China and India. Maybe, this is what made Western countries to wake up, to understand that they may lose if they don't innovate. So, I have heard many talks about how to increase innovation, how to transfer economy to innovative economy, even here in Yaroslavl, but as for specific programs, I didn't hear much about it.

Also, there are talks about the role of government in this respect. What happens now is that there is a financial crisis which means that there is less money in the business sector, and spending on R&D decreases. And if you want to keep up with the level that was before, the government should intervene.

### What are the best and the worst examples of innovation policy in the world?

I didn't see that many new concrete programs. To my mind, the only place where there is progress in innovation policy is Brazil, which is considered to be an emerging market. I don't see anything new in the US, no special program for innovation. In specific European countries, there are programs with money. In the UK, for instance, there are programs that the government did to push more money to the industries. There is a big program of 500 million pounds to establish a fund of funds. In Ireland they have the same program, and there are such programs in France and Germany. Each of these countries is looking to increase the amount of money spend on innovation

### What about Israel?

Israel is also in a problem because we don't have a new program. The government now is sitting on the issue. So far, I don't see anything new. The question is always about how much money you want to put into the market and in what way? Israel invests 4.6% of its GDP in R&D. It is a huge number. If you break down the numbers, you will see that out of this 4.6%, 75% is made by the private sector. The most of the burden is on the private sector. What happens when the private sector decreases his part in the investment because

of the financial crises the government has to fill in the gap. It should act now, but not two year after. They really need to decide what to do, how to fill in the gap. They came up with a program which is a very small one. People are not happy with that. Therefore, probably, they will have to change it.

### Who proposed this program?

The Ministry of Finance. In Israel the programs are coming from bottom – up, from the people that work in the Government to the Ministers.

### What are the peculiarities of Russian innovation system? Is there an innovation system?

The question is how you motivate the people and what means you give them? I don't know how big the motivation in Russia is? In order to be more motivated and more innovative, people should have trust in the government policy. So I think there is a need to change some laws and regulations. Also, you have to feel that they will let you do what you think you should do, and not watching every step you do. This is on the side of the people. On the side of the plans, I think Russia is putting a lot of money in different programs. There is a reason to believe that Russia really will keep up with the program they have.

### You have mentioned laws and regulations. In the sphere of venture capital funds, the sphere you are working in, what regulations should be changed?

There are several problems. I think they started to change them. The first one is companys' laws. They are not good enough for venture funds. There is a need to solve the problem with jurisdiction of the companies. There is an understanding that the world is one place. If you want a company to be registered in India and not in Russia, and still work in Russia and get funding from Russian sources, they should enable it. So, if you don't change it, you will have a problem.

You have to look at what the world is doing and, more or less, to be at the same level, because you are competing not only at the local market, but also in the world market. You must have the same rules, and not limitations and restrictions. For instance, intellectual property regulations should be changed. The government understands they need to do that, but bureaucracy, which is another problem on the way of Russia to be global, probably, prevents it.

### What are you feelings about the Forum? What ideas you find the most interesting and important?

I think it was very interesting because there were people from other countries saying what their countries did and wether Russia can learn or adopt some of these policies; people from Russia that discussed what should be done, some criticism and some good ideas.

I liked the most, in the panel I participated, the speech of Mr. Gref, who was defending Russia, and what Russia did until today. I think he is right because you cannot be only against, only show the bad things. You need to show the good things that Russia is doing, things which are not being done before. Himself, he was very courageous about starting the venture fund market in Russia. It was an exception at that time. So, I think it was very interesting.