

Nesta's work in Innovation policy



**Nesta is a global innovation foundation.
We back new ideas to tackle the big challenges of
our time.**

We use our knowledge, networks, funding and skills - working in partnership with others, including governments, businesses and charities. We are a UK charity but work all over the world, supported by a financial endowment.

We see Making sense of opportunities and challenges.

We spark Generating new ideas.

We shape Helping to test, grow and adapt promising solutions.

We shift Changing whole systems.

The kinds of big challenges we tackle include ageing; stretched public services; a fast changing jobs market and people feeling disempowered. We focus on areas where the combination of digital technology, empowered individuals, and better use of data and evidence can have the biggest impact.



How Nesta is tackling the big challenges of our time: Our work in innovation policy

The challenge: How to create the conditions for innovation to fuel economic growth so that everyone benefits.

Nesta's response: We help design better ways for governments (at a national, regional and city level) to support innovation in the economy and society. We develop analytical tools and promote more effective innovation methods.

What we want to see: Innovation policy that is better directed, more effective and taps the widest range of sources.

- **Better directed:** Better decision-making starts with better data about economic activity and entrepreneurship, combined with new analytical methods (for example, understanding real-time patterns of innovation, firm growth, pay and productivity), and by drawing on many and new sources of data. We've shown how to combine new data sources on economic activity - such as creating a revolutionary 'dashboard' for innovation policymakers (through the [Arloesiadur](#) project for the Welsh Government) or using digital tools to map the UK digital economy (in [TechNation](#) with Tech City UK).

- **More effective:** Governments around the world use many policies to stimulate innovation, economic growth and competition - like creating science parks, or offering tax credits to encourage businesses to innovate. Yet there is little information about what has worked. We think that innovation policy needs to become more evidence-based and more experimental. We have set up the Innovation Growth Lab to promote experimental research methods in economic policy, and the Alliance for Useful Evidence to champion better evidence in social policy and practice.
- **Taps the widest range of sources:** Innovation does not only come from science and research, but also many other sources – from design to customers to civil society. We've shown this through new measurement tools, such as the *Innovation Index*, and have championed more inclusive approaches to developing new ideas - such as crowdfunding, accelerator programmes, digital R&D in the arts, tools for digital democracy, and challenge prizes.

We never work alone. Our partners have included: The UK government, and the devolved administrations of Scotland, Wales and Northern Ireland; national governments in the UAE, Chile, Canada, India, Malaysia, Denmark, Netherlands, Australia and Finland; Innovate UK; Tech City UK; the European Commission; the OECD, the World Bank and the Inter-American Development Bank; Manchester, Oxford and Cambridge Universities; UK Research Councils; the Kauffman Foundation; Bloomberg Philanthropies; Pearson; Google; KPMG; the Lisbon Council; and 100%Open.

Nesta approaches challenges from multiple angles

We combine thinking and doing to bring ideas to life, test them on the ground, demonstrate what works and help the best to grow.

We see new opportunities and challenges

Futures and explorations: We explore emerging technologies such as the application of artificial intelligence or the internet of things. For example, our report *Machines that Learn in the Wild* looked at how governments could make the most of advances in machine learning in sectors such as health. In addition, our work on innovation in international development and frugal innovation explores how innovation can be directed to benefit everyone, not just a privileged few.

Researching the conditions for innovation: We make it our job to understand the best conditions for innovation, in the UK and abroad. Nesta launched the European Digital City Index (EDCi) - an index for startups, scale-ups and policymakers comparing how well different cities support digital entrepreneurship. We've also

undertaken extensive research on the skills needs of innovative businesses: the *Model Workers* report found that creating value from data requires a new mix of skills - including analysis, coding, business sense and creativity. And we're interested in designing better institutions and organisations: *How Innovation Agencies Work* draws lessons about how innovation is supported by governments across the world.

Mapping and visualising the innovation landscape: We explore new data sources, analytical methods and ways of presenting findings to improve innovation policy and practice. Our work sheds light on innovative industries, industrial clusters and new technologies - for example, *TechNation* with Tech City UK is the most comprehensive analysis of the UK's digital tech industries to date, while *A Geography of Creativity in the UK* provides a data resource and visualisation showing the economic importance of the creative industries across the country.

Measuring and valuing innovation in the economy: We have provided cutting-edge insights into the way that innovation should be measured and understood by national policymakers. *The Vital 6 Per Cent* showed that a small number of high-growth firms are responsible for a disproportionate share of employment growth. Our *Innovation Index* championed a new approach to measuring investment in innovation that has since been adopted worldwide, for example as the basis of the Malaysian Government's first National Corporate Innovation Index tool for firms to gauge returns on innovation investment. Based on our research and practical work on digital R&D in the arts sector, we recently recommended that the official global definition of R&D be revised to include the arts.

We spark creative solutions from many sources

Encouraging innovation from new sources: Challenge prizes are one of a family of 'open innovation' methods tested and refined by Nesta, that help organisations tap brains far beyond their own boundaries. Nesta's Challenge Prize Centre develop prizes to stimulate the development of new solutions - often opening up problem solving to a wider pool of innovators. These prizes range from the Inclusive Technology Prize for products, technologies and systems that help disabled people, to the Open Up Challenge transforming banking services for entrepreneurs and small business.

Nesta has also researched and championed a wide range of new forms of alternative finance - from crowdfunding to peer-to-peer finance - helping the UK's alternative finance sector grow over tenfold in five years to £3.2 billion.

We shape the most promising ideas so that they can work in practice

Practical resources and guidance: Nesta creates research-based resources for innovation policymakers, like the Innovation Policy Toolkit and Winning Together - A Guide to Successful Corporate-Startup Collaboration. We also hone the skills of policymakers around the world through the Nesta-led Global Innovation Policy Accelerator: a suite of development programmes for senior innovation policymakers across 14 countries.

We shift systems in a new direction

Contributing to national policy debates: We look at strategic issues such as how to prepare for the jobs of the future. We've published comprehensive manifestos for innovation policy like *Plan I* and holistic policy agendas for the creative industries, while also advocating specific ideas like testbeds for driverless cars or the creation of a Machine Intelligence Commission.

Convening and campaigning for better innovation policymaking:

For example, Nesta is behind Readie which links the key digital policymakers across Europe. In 2016 the Readie Policy Summit in Berlin brought together over 100 ministers, state secretaries, policy units and elected representatives from 23 countries who are shaping digitalisation strategies across Europe. And Nesta's wider events programme brought together over 13,000 people in 2016, alongside targeted meetings with top decision-makers from government, business and technology.

Not everything we've done or supported has worked

Not all our innovation policy proposals have been taken up. For example, we didn't manage to persuade government to adopt all the proposals in *Plan I* - our 12 point plan to kick-start innovation-led economic growth. We've learned that it's critical to work with policymakers to help them to adopt, experiment, adapt and rigorously test new policies and programmes for innovation support. This is one of the reasons we set up the Innovation Growth Lab.

CASE STUDY

Innovation Growth Lab



The challenge: Governments spend billions on policies to make their economies more innovative and entrepreneurial. Yet there is little experimentation with new programmes and limited evidence of the effectiveness of these policies.

Our intervention: Nesta set up the Innovation Growth Lab (IGL) in partnership with leading governments and foundations worldwide – with the aim of making policy in this area more experimental and evidence-based. We work with partners to carry out and fund Randomised Controlled Trials (RCTs), build capacity through workshops and online resources, and share new research findings amongst a global community of like-minded individuals and organisations.

The result: IGL has become a globally renowned centre for expertise in using RCTs for decision-making about innovation policy. We've worked with over 15 government agencies and foundations, and developed a network of 75-plus researchers worldwide. IGL has been involved in 30 trials of policy ideas that support innovation, entrepreneurship and business growth. These include a trial with Innovate UK to assess how well their Innovation Vouchers scheme helps small businesses access expert advice on how to bring an idea to market; and a trial that examines how the design of a university campus can increase the likelihood of breakthrough innovations.

International work

Nesta is a UK charity but we work globally to understand and influence better innovation policy.

We draw insights from the way other countries approach innovation. For example we have studied innovation systems from India and China, to Mexico and Chile. We search for emerging ideas on innovation across the world and compare what works - for example *Rethinking Smart Cities from the Ground Up* looks at how different countries encourage citizens to work together to make their cities more innovative.

We also support partners in other countries to learn from the UK, and work with them to develop new approaches to supporting innovation for public benefit. We do this through practical, applied research projects (like piloting different models to encourage 'open innovation' in the São Paulo health system) and by running learning programmes like the Global Innovation Policy Accelerator.

Our goals: By 2021, Nesta will have...

Developed effective innovation policy approaches, tools and ideas that are adopted and scaled by the UK, and governments and agencies around the world.

Pioneered new ways of measuring economic life, mapping innovations and providing data tools and visualisations to help policymakers, organisations and individuals make smarter decisions.

Through the Global Innovation Policy Accelerator, helped at least ten governments internationally to strengthen and improve their innovation systems, including the innovative capabilities of their officials and civil servants.

If you'd like to find out more about Nesta's work in innovation policy, please contact: innovation-policy@nesta.org.uk
Or visit: www.nesta.org.uk/areas-work/innovation-policy

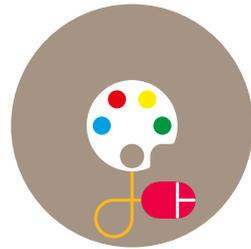
Our five priority fields



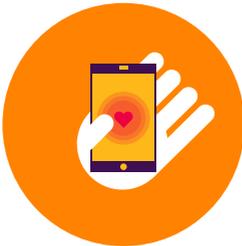
Government innovation



Innovation policy



The creative economy, arts and culture

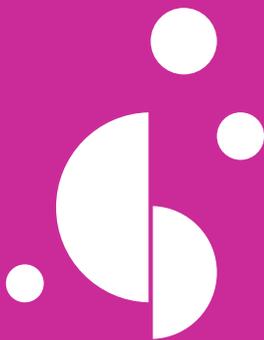


Health



Education

At Nesta we are experts in methods for innovation. We apply these methods in priority fields where there are big challenges and our capacities are suited to the action that's needed: **health; education; government innovation; the creative economy, arts and culture; and innovation policy.** In each field we bring together research, funding for practical work, convening and advocacy.



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