

Preface

This book draws on earlier work on the role of innovation policies and investment decisions in developing countries conducted by the two editing authors in the last five years. In a number of country case studies and in comparative analysis of patterns of industrialization, we reached the conclusion that, in the current context of world markets and innovation-driven competition, a small number of advancing developing countries have introduced policy instruments which facilitated sustainable and profitable business initiatives in the local economy. This has been an evolving process with many unique country-specific characteristics, drawbacks and adjustments to external factors and exogenous shocks. Our emphasis on detailed empirical analysis led us to the conclusion that patterns of investment decisions and access to finance have been important driving forces in these processes.

This volume is our first step towards a more systematic analysis of this hypothesis. Our emphasis is on the role of venture capital as a core element of the institutional framework supporting innovation dynamics in developing countries. Our work was organized on three planes: an extensive review of literature and available data on the role of venture capital in developing countries with specific emphasis on Asian economies, detailed case studies prepared by country experts and additional invited contributions on the linkages between finance and innovation. A conference organized in Brussels on 6 and 7 November 2002, with financial support from the European Commission, facilitated our work and provided a valuable opportunity for a detailed discussion of our research findings with leading experts. We are grateful to all the colleagues who attended that meeting for their comments and suggestions. Our thanks to Andrew Sors and Nikos Kastrinos from DG Research who supported and encouraged our work. At UNU-INTECH Eveline in de Braek and Monique Seuren provided excellent secretarial support and Ad Notten responded promptly to our long lists of requests for specialized material on venture capital. Of course, the responsibility for the views and any mistakes in this volume remains with us.

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