



## Enhancing Science, Technology and Innovation to Drive Sustained Growth in Vietnam

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Vietnam needs to rely more on productivity gains driven by innovation in order to boost its economy, according to a new joint study by the World Bank and Organization of Economic Co-operation and Development (OECD) released today. The study, The OECD-World Bank Review of Science, Technology and Innovation in Vietnam, looks at the key elements, relationships and dynamics that drive the Vietnamese innovation system and opportunities to enhance it through government policy. "Increased competition in globalizing markets means that it is more important than ever to invest early in advanced technological capabilities," said Victoria Kwakwa, World Bank Country Director for Vietnam. "This will help Vietnamese enterprises better position themselves in global value chains." Despite its historical record of scientific research, Vietnams innovation system in the modern sense is only emerging. Current science, technology and innovation capabilities are weak and the national innovation system is in a nascent and fragmented state. Research and development both in the public and private sectors still have a lot of room for improvement, according to the report. "Vietnams challenge is to achieve sustainable high GDP growth in a less buoyant international environment," said Andrew Wyckoff, Director for Science, Technology and Innovation at the OECD. "To avoid falling into a middle-income trap, the country will need to considerably improve its domestic innovation capabilities." The World Bank-OECD joint review provides several recommendations for policy makers to foster science, technology and innovation in Vietnam: Improving framework conditions for innovation: The macroeconomic framework, the general business environment, product market regulations, the intensity of competition, openness to trade and foreign direct investment, business finance, the tax system, the level and quality of entrepreneurship, and the infrastructure are all framework conditions that together influence Vietnams innovation performance. Improving public governance of the innovation system: Governments play a key role in providing long-term orientation on social and economic priorities, ensuring that resources for innovation are adequate, public actors perform well, and the various components of the innovation system link up and form a coherent whole. Strengthening the human resource base for innovation: The country needs to turn a brain drain into a brain gain, increase the quality of education at all levels, provide more opportunities for upgrading skills of those already in the workforce, place more emphasis on entrepreneurship and soft skills, and facilitate knowledge exchange among universities, government research institutions, and the industry. Fostering innovation in the business sector: Fostering business innovation will require essential improvements in framework conditions, as well as targeted innovation policy measures and effective means of attracting and embedding foreign-invested firms that can stimulate and promote innovation. Increasing the contribution of public research: Future policy development for public research organizations and universities should enhance their relevance to the countrys economy and job market, address resource constraints, and more effectively steer and fund publicly sponsored research. Fostering innovation linkages: Efforts are needed to strengthen collaboration on innovation between firms or between firms and public research actors. Media Contacts  
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