

# **4 A practitioner's toolbox for action to advance industrial transition**

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This toolbox is designed for policy practitioners and decision makers working to advance industrial transition. It draws on the experiences of the regions and countries that developed High Impact Actions (HIAs) to explore specific experimental governance and policy mechanisms that could facilitate meeting industrial transition aims. It is composed of two elements. The first is a toolkit of policy levers for industrial transition that refines and adds to the toolkit developed in 2019. The second offers an action checklist for policy makers wishing to pursue an experimental approach to designing and implementing policies and programmes targeting industrial transition.

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## Introduction

In 2019, the OECD developed a toolkit of policy responses to industrial transition as part of its work with eight European Union (EU) regions and two EU countries, which was integrated into the OECD report *Regions in Industrial Transition: Policies for People and Places* (2019<sup>[1]</sup>). The toolkit focused on policy issues and policy responses relevant to industrial transition in five areas: i) preparing for the future of work; ii) broadening and diffusing innovation; iii) promoting entrepreneurship and private sector engagement; iv) transiting towards a climate-neutral economy; and v) promoting inclusive growth.

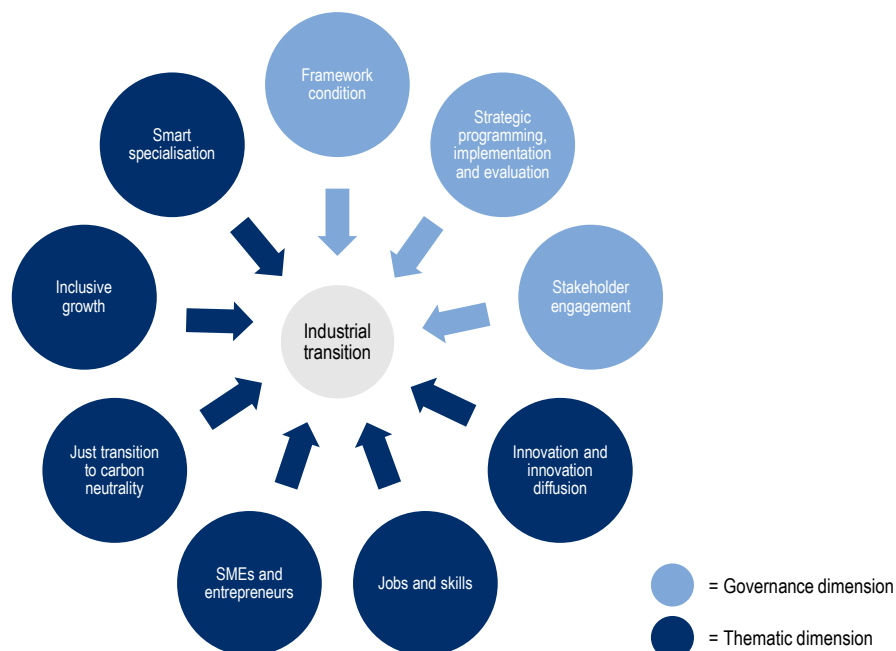
This 2023 toolbox is divided into two basic tools. The first is an updated version of the 2019 policy lever toolkit, incorporating the new analytical components and policy levers explored through the High Impact Actions (HIAs) analysed in Chapter 3 of this report. It is structured along the five dimensions of industrial transition noted above and incorporates four new ones: framework conditions, strategic planning, stakeholder engagement and smart specialisation. The second part is a checklist for policy makers who wish to apply an experimental approach to policies or initiatives targeting industrial transition.

## A policy lever toolkit to advance industrial transition

The toolkit below combines the policy levers for supporting industrial transition revealed in the first phase of the European Commission-OECD Pilot Action on Regions in Industrial Transition and published in 2019, with the tools identified through this new (2022-23) phase of work.

It is organised around the nine dimensions explored in Chapter 4 of this report (Figure 4.1). The first three – all governance dimensions – are presented here for the first time. The subsequent six begin with new levers highlighted through this project and are followed by those that were identified in 2019, plus smart specialisation which was added in 2023.

**Figure 4.1. Framework dimensions to industrial transition**



Source: Based on current work and adapted from OECD (2019<sup>[1]</sup>), *Regions in Industrial Transition: Policies for People and Places*, <https://doi.org/10.1787/c76ec2a1-en>.

The toolkit is by no means exhaustive and what is suggested must be considered within – and adapted to – the context of the individual region or country, its industrial transition objectives, challenges and implementation capacities.

The intention is for policy makers to use what is presented here as a guide or repository of helpful ideas, once they have established a clear set of objectives for industrial transition.

## Policy levers for Dimension 1: Framework conditions

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/additional benefits
Legislative/regulatory restrictions limiting policy or programme implementation	Experiment within set legislative parameters to support innovation actors	<ul style="list-style-type: none"> <li>Design pilot projects that explore alternative avenues for implementation that work within existing regulations.</li> <li>Lobby and advocate for legislative adjustments or work with higher-level authorities to identify reasonable alternatives.</li> </ul>	Can provide insights through real-world testing.
			Can promote greater alignment between policy and practice.
High administrative burden and rigid rules for accessing funds for innovation or innovative programmes and projects	Reduce administrative burden	<ul style="list-style-type: none"> <li>Partner with non-governmental bodies as programme implementers if the rules that govern their activities are more flexible.</li> <li>Consult with stakeholders and/or potential beneficiaries to test potential simplifications.</li> <li>Introduce simplified grant allocation targeting start-ups.</li> <li>Experiment with simplified rules or processes when designing and implementing project or funding calls.</li> </ul>	Widens pool of potential beneficiaries for industrial transition projects.
			Can increase the absorption rate of available funds.
			Attractive to a diverse set of beneficiaries, including start-ups.
Limited political support and cultural factors affecting industrial transition initiatives	Foster strong political backing for industrial transformation	<ul style="list-style-type: none"> <li>Proactively engage with political leadership for support on key initiatives.</li> <li>Develop awareness campaigns to gain public backing.</li> <li>Establish collaborative platforms for political entities and stakeholders (e.g. civil society organisations [CSOs]).</li> <li>Work with stakeholders with ties to targeted business communities to explain the benefits of innovation, upskilling green and digital transitions and other transition challenges.</li> </ul>	Provides legitimacy to explore new approaches.
			Encourages experimentation and risk taking.
			Encourages cross-sector collaboration and builds support.

## Policy levers for Dimension 2: Strategic programming, implementation and evaluation

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
Complex, multi-sector and multi-level nature of industrial transition	Ensure industrial transition initiatives align with relevant framework and sector strategies	<ul style="list-style-type: none"> <li>Map relevant frameworks (e.g. regional development, smart specialisation, rural development) or sector strategies and policies (e.g. innovation, skills, energy).</li> <li>Identify the intersection of sectoral goals with industrial transition objectives.</li> <li>Introduce industrial transition as a specific policy area within regional development to build a strong policy base.</li> <li>Ensure that all innovation objectives and initiatives of smart specialisation strategies (S3s) also advance industrial transition aims.</li> </ul>	<p>Can generate development and innovation in new or underdeveloped sectors.</p> <p>Can optimise the use of resources (human, financial and infrastructure).</p> <p>Can ensure greater policy coherence and minimise overlap or duplication.</p>
	Reinforce cross-sectoral co-ordination	<ul style="list-style-type: none"> <li>Place industrial transition on the agenda of existing cross-sector working groups or committees within government or establish a new one dedicated to it.</li> </ul>	<p>Can optimise the use of resources for industrial transition.</p> <p>Can ensure greater policy coherence and minimise overlap or duplication.</p>
	Build stronger exchange with and among quadruple helix actors (government, academia, industry and civil society)	<ul style="list-style-type: none"> <li>Work with or set up multi-stakeholder, multi-level groups (with a particular focus on quadruple helix actors) to identify common challenges and objectives.</li> </ul>	<p>Can promote collaborative or complementary solutions to industrial transition and/or innovation challenges.</p> <p>Builds social capital of the partners and region.</p>
Need for flexible and adaptable policies and programming	Use a pilot or experimental approach to test policies or programmes	<ul style="list-style-type: none"> <li>Identify clear objectives for the experiment and prioritise activities.</li> <li>Establish a dedicated team for implementation.</li> <li>Ensure sufficient funding to launch the experiment and anticipate resource needs if scaling up or out.</li> <li><i>Ex ante</i>, establish a monitoring and evaluation framework for the experiment.</li> <li>Undertake an <i>ex post</i>, independent review of results before determining success.</li> <li>Develop a strategy for scaling the policy experiment in case of success.</li> </ul>	Can test the effectiveness of a policy or programme in a controlled environment.

## Policy levers for Dimension 3: Stakeholder engagement

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/additional benefits
Building a culture or understanding of engagement among policy makers and stakeholders	Provide specialised training in stakeholder engagement to policy team(s)	<ul style="list-style-type: none"> <li>Contract a stakeholder engagement (e.g. from a CSO) to support engagement practices and train policy staff.</li> </ul>	Builds in-house knowledge of engagement mechanisms that can be applied in the future.
	Systematically identify stakeholders and stakeholder groups	<ul style="list-style-type: none"> <li>Map relevant stakeholders and categorise them into relevant groups.</li> </ul>	<p>Sets the basis for more effective communication and engagement.</p> <p>Facilitates design and implementation of collaborative initiatives.</p>
	Build effective communication with and among stakeholders	<ul style="list-style-type: none"> <li>Use a variety of communication mechanisms (e.g. surveys, polls, websites, mailing lists, newsletters, in-person meetings, interviews, social media) that meet stakeholder preferences.</li> <li>Establish working groups or advisory committees.</li> <li>Disseminate clear, concise, relevant and timely information about industrial transition.</li> <li>Use simple, plain language.</li> <li>Give complete information on transition, programmes, projects, etc., including objectives, priorities, funding, timing and results.</li> </ul>	<p>Can generate important feedback for programmes and projects.</p> <p>Builds stakeholder buy-in.</p> <p>Ensures transparency and accountability towards stakeholders.</p>
	Encourage openness and frank exchange with stakeholders, including with under-represented groups	<ul style="list-style-type: none"> <li>Actively seek feedback from stakeholders when designing and implementing transition initiatives.</li> <li>Partner with local community organisations, CSOs or advocacy groups.</li> <li>Clearly explain why the feedback is important, how it will be used and why it was not used when this is the case.</li> </ul>	<p>Bridges knowledge gaps.</p> <p>Can ensure transition initiatives are acceptable to a wide range of stakeholders.</p> <p>Can increase confidence in institutions promoting transition.</p> <p>Facilitates programme adjustment.</p> <p>Promotes continued willingness of stakeholders to provide feedback.</p> <p>Increases democratic quotient of the industrial transition process.</p>

## Policy levers for Dimension 4: Innovation and innovation diffusion

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
Advancing large-scale, cross-sectoral societal challenges associated with industrial transition (e.g. renewable energy, digital and green transitions)	Use co-production methodologies to identify and implement targeted policy solutions	<ul style="list-style-type: none"> <li>• Adopt a challenge-oriented approach to industrial transformation.</li> <li>• Map possible positive and negative externalities of policy interventions (e.g. of green transition) on industrial transition.</li> </ul>	Helps tackle large-scale, cross-sectoral, societal problems in a collaborative fashion (e.g. renewable energy, green transition).
			Contributes to better vertical and horizontal co-ordination.
			Generates collaboration and innovation opportunities.
			Better prioritises action and investment.
			Strengthens the local innovation ecosystem.
			Mitigates trade-offs and levers multiplier effects across policy interventions.
			Can expand participation base to less-engaged stakeholders.
Can help to bridge regional innovation divides.			
Creating and sustaining a comprehensive innovation ecosystem	Broaden the notion of innovation	<ul style="list-style-type: none"> <li>• Build public and private sector understanding of and capabilities for innovation.</li> <li>• Make public procurement more innovation-friendly by incorporating innovation-related criteria in public tenders.</li> </ul>	Encourages stronger local engagement with innovation processes.
			Develops strategic prioritisation of innovation-enhancing assets.
			Strengthens capacity for public investment decisions that benefit innovation.
Lack of (small) business capabilities for innovation	Accelerate the digital transformation	<ul style="list-style-type: none"> <li>• Provide financial support and technical assistance (e.g. loans, vouchers) to encourage digital uptake in small and medium-sized enterprises (SMEs).</li> <li>• Provide training and guidance to SMEs on digital transformation (personal advice, webinars, events).</li> <li>• Organise information campaigns and cluster-wide initiatives to popularise the benefits of digital technologies among SMEs and micro-entrepreneurs.</li> <li>• Invest in enhanced digital connectivity of SMEs.</li> </ul>	Can help to enhance digital skills in firms and support industrial modernisation.
	Stimulate innovation take-up in traditional businesses	<ul style="list-style-type: none"> <li>• Design information campaigns and build exchange possibilities to explain the value added of innovation in a traditional business.</li> <li>• Use targeted training and collaboration to help identify where innovation can occur and the benefits it may yield.</li> <li>• Offer tailored guidance (e.g. one-on-one advice/mentoring, webinars, events, contacts with clusters) to generate interest and contacts for potential innovations.</li> </ul>	Expands innovation ecosystem.
			Promotes industrial diversification and modernisation.
			Encourages SME action on and investment in innovation.
			Can foster strategic collaborations across stakeholders.
Generates cost savings for businesses, which could be reinvested.			

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits	
	Scale business innovation networks	<ul style="list-style-type: none"> <li>• Support industrial clusters and cross-cluster fertilisation.</li> <li>• Link cluster policies to global value chains.</li> <li>• Support open innovation and the use of open data.</li> </ul>	<p>Integrates local industries into global value chains.</p> <hr/> <p>Encourages industrial diversification and upgrading.</p>	
	Support effective university-industry co-operation	<ul style="list-style-type: none"> <li>• Support collective research agreements.</li> <li>• Encourage, invest in and streamline processes for new licenses and patents.</li> <li>• Help identify potential candidates for spin-off firms.</li> <li>• Encourage labour mobility between academic and industry.</li> </ul>	<p>Creates knowledge spillovers.</p> <hr/> <p>Can protect intellectual property.</p> <hr/> <p>Encourages investment as there is a potential for protected return on investment.</p> <hr/> <p>Improves the opportunities for SMEs to participate in research commercialisation.</p> <hr/> <p>Meets skills demand by industry.</p>	
	Territorial disparities in innovation diffusion	Leverage the potential of cities and tradeable sectors	<ul style="list-style-type: none"> <li>• Ensure effective policy co-ordination across administrative boundaries.</li> <li>• Improve urban-rural transport connections.</li> </ul>	<p>Strengthens productivity in rural areas.</p> <hr/> <p>Ensures job opportunities across territories.</p>
		Capitalise on unique regional strengths for innovation	<ul style="list-style-type: none"> <li>• Support new industry formation by building on local innovation assets.</li> <li>• Adopt territorial branding to highlight regional uniqueness to relevant stakeholders.</li> </ul>	<p>Capitalises on unique strengths to branch out into new activities.</p> <hr/> <p>Can encourage investment across the region.</p>

## Policy levers for Dimension 5: Jobs and skills

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
A talent and skills deficit resulting in vacant jobs, particularly in management	Reinforce recruitment capacities of firms	<ul style="list-style-type: none"> <li>Identify gaps and obstacles to talent recruitment and retention together with employers.</li> <li>Develop, in close collaboration with employers, recruitment strategies based on a comprehensive skills strategy.</li> <li>Implement management training programmes tailored to specific industrial needs.</li> <li>Establish partnerships with educational institutions to create customised leadership courses.</li> <li>Work with firms to identify potential financial or non-financial incentives for skilled management professionals to relocate or remain in targeted regions.</li> <li>Conduct, together with employers, foresight and skills mapping activities.</li> <li>Set up and maintain Workforce Intelligence Networks.</li> <li>Establish expert groups on future skills needs.</li> </ul>	<p>Enhances the quality of leadership and management in industries.</p> <p>Strengthens regional competitiveness for talent attraction and retention.</p> <p>Fosters alignment between talent and education/training supply and industry demand for skilled labour.</p> <p>Avoids skills shortages and skills mismatches.</p>
	Enhance regional attractiveness	<ul style="list-style-type: none"> <li>Identify regional “attractiveness strengths”, which have the potential to attract skilled workers to the region.</li> <li>Develop a regional branding campaign based on messages that resonate with the targeted workforce.</li> <li>Provide employers with tools that can help them to incorporate regional attractiveness messages into their recruitment campaigns.</li> </ul>	<p>Contributes to the diversity of a region’s workforce.</p> <p>Strengthens regional competitiveness for talent attraction and retention.</p> <p>Can help attract new firms to the region or generate new business start-ups.</p>
Limited productivity in traditional industrial sectors	Nurture innovation and facilitate skills adaptation in industrial SMEs	<ul style="list-style-type: none"> <li>Implement targeted innovation support programmes for industrial SMEs.</li> <li>Facilitate access to new technologies through tech extension services.</li> <li>Encourage collaboration between traditional industries and innovation hubs.</li> <li>Provide grants or non-financial incentives to support research and development (R&amp;D) in traditional sectors.</li> <li>Develop mentoring programmes connecting established industry leaders with emerging entrepreneurs.</li> <li>Implement flexible digital support strategies tailored to traditional industries, enabling SMEs to increase productivity and revitalise employment rather than undergoing full-scale transformation.</li> </ul>	<p>Can increase firm profitability.</p> <p>Supports job creation.</p> <p>Supports economic growth.</p> <p>Strengthens collaboration and knowledge exchange between established industries and new entrants.</p>
Lack of skilled workers to move into new and emerging activities	Strengthen the capacity of firms to address their human resource needs internally	<ul style="list-style-type: none"> <li>Strengthen the human resources (HR) management capacity of SMEs.</li> <li>Link SME support policies with education and training policies.</li> </ul>	<p>Improves responsiveness of education and training provision to market needs.</p>
	Involve local stakeholders in the planning and design of regional skills initiatives	<ul style="list-style-type: none"> <li>Strengthen links between firms, universities and other research bodies.</li> <li>Support collaborations and partnerships with vocational schools, universities and small and large firms.</li> </ul>	<p>Develops targeted training in new technologies and sectors of strategic importance.</p> <p>Anchors local employers in regional economic development.</p>



Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
	Provide workforce and management development for start-ups and scale-ups through training and upskilling programmes	<ul style="list-style-type: none"> <li>• Offer training subsidies and vouchers, training leave allowances and/or tax incentives.</li> </ul>	<p>Helps workers gain highly specialised competencies needed by firms.</p> <p>Helps managers gain additional knowledge of firm training needs.</p>
	Foster the (re)integration of youth, women, older people and other vulnerable populations in the labour market	<ul style="list-style-type: none"> <li>• Set up training initiatives and courses for vulnerable groups.</li> <li>• Develop local employment services so that they can be provided effectively on line.</li> </ul>	Retains human capital.
Limited investment in new sources of employment and productivity growth	Provide support to firms to become more innovative and transition from more traditional sectors to new technologies	<ul style="list-style-type: none"> <li>• Support information and communication technology (ICT) training and technology extension programmes for firms.</li> </ul>	<p>Facilitates access to and benefits from global value chains.</p> <p>Supports the development of transversal skills to manage innovation and technological change.</p>
	Assist firms in better using skills at the workplace	<ul style="list-style-type: none"> <li>• Establish Workplace Leadership Centres and Local Employer Networks.</li> </ul>	Enhances cross-industry innovation.
	Encourage knowledge exchange and co-operation across larger and/or newer firms and smaller and/or older firms	<ul style="list-style-type: none"> <li>• Ensure SME participation in employer networks.</li> <li>• Foster industry clusters, create regional brands and enhance product market strategies and company learning networks.</li> </ul>	Creates an attractive innovation ecosystem.

## Policy levers for Dimension 6: SMEs and entrepreneurs

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
Limited resources to encourage firms to innovate	Combine non-financial and financial (when possible) incentives for innovation	<ul style="list-style-type: none"> <li>• Provide one-on-one coaching and mentoring to firms participating in a project.</li> <li>• Streamline the grant application system to encourage smaller firms and start-ups to apply for available funding.</li> <li>• Create a welcoming environment for experimenting with innovative projects that normally might not be funded (possibly with some financial support).</li> <li>• Work with firms to understand how adopting new production techniques or processes can generate cost savings that can be reinvested into their business.</li> </ul>	Can attract a different set of firms to innovate, broadening the innovation ecosystem.
Limited access to funding and finance for start-ups and scale-ups	Facilitate access to funding and finance and broaden the range of financial instruments available	<ul style="list-style-type: none"> <li>• Facilitate access to traditional instruments: grants, soft loans and loan guarantees.</li> <li>• Create or encourage alternative and non-bank sources of finance: crowdfunding, peer-to-peer lending, business angel networks and venture capital.</li> <li>• Create digital funding and finance opportunities (e.g. financial technology [fintech], blockchain).</li> </ul>	<p>Reduces start-up and SME reliance on debt instruments.</p> <p>Generates employment.</p> <p>Creates an attractive entrepreneurship ecosystem in different types of regions.</p>
	Strengthen financial literacy	<ul style="list-style-type: none"> <li>• Provide training and mentoring programmes, including accessible information and guidance.</li> </ul>	<p>Greater financial management capacity by firms.</p> <p>Provides firms with tailored advice on funding and financing possibilities.</p>
	Apply collaborative or other innovative funding and financing models	<ul style="list-style-type: none"> <li>• Link funding and financing availability to cross-jurisdictional or other collaborative projects.</li> <li>• Focus on short-term or flexible funding for innovation or innovation diffusion, particularly when testing new products.</li> </ul>	<p>Can reduce investment barriers to innovation.</p> <p>Builds innovation ecosystem and strengthens social capital.</p> <p>Supports investments by start-ups and SMEs.</p>
Limited access to entrepreneurship skills and networks for start-ups	Support entrepreneurs with information, training, coaching and mentoring	<ul style="list-style-type: none"> <li>• One-stop shops and information centres.</li> <li>• Entrepreneurship training courses provision.</li> <li>• Dedicated mentoring programmes.</li> <li>• Incubators and accelerators.</li> </ul>	<p>Creates an attractive entrepreneurship ecosystem.</p> <p>Provides start-ups and scale-ups with important business foundations.</p>
	Strengthen entrepreneurial networks	<ul style="list-style-type: none"> <li>• Organise networking and platform events organised by local (public) stakeholders.</li> <li>• Provide online networking platforms.</li> </ul>	Strengthens sales and export networks and partner search.
	Enhance start-up and SME participation in collaborative research	<ul style="list-style-type: none"> <li>• Enhance start-up and SME participation through vouchers, science parks, incubators and accelerators.</li> <li>• Exploit research through spin-off creation.</li> </ul>	<p>Supports innovation in entrepreneurial activity.</p> <p>Creates knowledge spillovers.</p>
	Ensure a friendly regulatory environment through simplified regulations and registration procedures	<ul style="list-style-type: none"> <li>• Introduce one-stop shops and web portals about national and regional regulations and public support schemes.</li> <li>• Hold regional-level Regulatory Impact Assessments (RIAs).</li> <li>• Introduce e-government services to cut transaction costs for firms.</li> <li>• Consult the private sector on a regular basis to identify regulatory requirements that are perceived as overly burdensome.</li> </ul>	<p>Improves efficiency.</p> <p>Cuts transaction costs for entrepreneurs.</p> <p>Creates an attractive entrepreneurship ecosystem.</p>

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
Improving the enabling environment for entrepreneurship	Foster an entrepreneurship culture through the development of entrepreneurial mindsets	<ul style="list-style-type: none"> <li>• Ensure that universities are well-resourced to equip students with an entrepreneurial mindset, as well as relevant soft skills (e.g. problem-solving, creativity and teamwork).</li> <li>• Anchor entrepreneurship curricula in schools, organise public events for children/students, and digital hubs.</li> <li>• Promote entrepreneurship through media campaigns, direct interactions, school visits of entrepreneurs and business games in schools.</li> </ul>	<p>Promotes entrepreneurship as an alternative to contract work.</p> <p>Provides under-represented groups such as women or youth with role models.</p>

## Policy levers for Dimension 7: A just transition to carbon neutrality

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
Possible disproportionate negative effects of industrial transition initiatives on specific industries, communities or individual groups	Build stakeholder involvement in green/industrial transition policy or programme development process from the early to late stages of the cycle	<ul style="list-style-type: none"> <li>• Implement co-creation processes and collaborative design sessions with affected industries and individuals to explore policy topics and identify ways to overcome real or perceived threats.</li> <li>• Build partnerships with local stakeholders to advance a sustainable and just industrial transition.</li> </ul>	Fosters inclusiveness in policy design and implementation.
			Allows exploration of new ideas to advance industrial and green transitions.
			Can create alignment between bottom-up proposals and top-down decisions.
Unintended negative consequences of policy or programme initiative for a green transition	Adopt an experimental approach	<ul style="list-style-type: none"> <li>• Pilot policy or programme in one region or locality.</li> <li>• Set up a robust monitoring and evaluation system to track progress and identify positive and negative externalities associated with the intervention.</li> <li>• Identify potential unintended consequences and work with relevant government bodies and non-governmental institutions to identify ways to avoid or mitigate the effects.</li> </ul>	Allows identification of potential unintended consequences and trade-offs in a contained or controlled manner.
			Facilitates adjustments early on.
Strengthening sustainable relocation and/or reconversion of industrial sites	Create sustainable industrial business parks of the future	<ul style="list-style-type: none"> <li>• Establish sustainable industrial business parks with a focus on green technologies and practices.</li> <li>• Collaborate with local governments and businesses to ensure alignment with sustainability goals.</li> </ul>	Encourages sustainable industrial practices and fosters collaboration between businesses and local authorities.
Creating job opportunities for the transition to the climate-neutral economy	Support green skills and jobs through training and upskilling	<ul style="list-style-type: none"> <li>• Upskill and retrain displaced workers in accordance with local labour needs.</li> <li>• Provide training on environmentally friendly production methods for existing workers.</li> </ul>	Expands skills set to move from workers from declining to emerging industries.
	Support workers in transition	<ul style="list-style-type: none"> <li>• Provide job-search training to displaced workers.</li> <li>• Promote a flexicurity model in the labour market to ensure that the labour market reconciles employer needs for a flexible workforce with worker needs for security.</li> </ul>	Progressively greens existing industries.
	Support measures for a just transition	<ul style="list-style-type: none"> <li>• Adopt age and gender-tailored support measures.</li> <li>• Ensure affordable social housing stock.</li> </ul>	Ensures the transition to high-quality jobs.
Lack of business opportunities for green innovations	Promote environmental compliance and green business practices	<ul style="list-style-type: none"> <li>• Simplify regulatory requirements (e.g. standardised permits, general binding rules).</li> <li>• Provide regulatory incentives for establishing environmental management systems.</li> <li>• Set up information-based tools to help businesses navigate regulatory requirements.</li> <li>• Offer economic incentives (e.g. grants, low-interest loans, tax incentives) to promote green business practices.</li> </ul>	Ensures a fair transition.
	Encourage innovation in environmentally friendly technologies	<ul style="list-style-type: none"> <li>• Provide support for green R&amp;D.</li> <li>• Support the creation of green innovation clusters.</li> <li>• Encourage environmentally friendly public procurement.</li> </ul>	Creates an attractive innovation ecosystem for firms.
			Encourages a higher awareness for green business opportunities.
			Stimulates investments in green technologies.

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
Advance towards long-term goals of a climate-neutral transition through short- and medium-term action	Foster local energy transitions	<ul style="list-style-type: none"> <li>• Encourage financial and strategic support schemes.</li> <li>• Establish strategic collaborations among stakeholders (local governments, non-governmental organisations, academia, research institutes, energy companies, energy co-operatives, etc.)</li> </ul>	<p>Helps re-orient investments towards energy and environmental goals.</p> <p>Strengthens local leadership.</p>
	Integrate the climate-neutral transition into larger regional development strategies	<ul style="list-style-type: none"> <li>• Set low-carbon objectives and related indicators.</li> <li>• Support co-operation and stakeholder alignment.</li> </ul>	Promotes long-term strategic thinking on how to reduce carbon emissions.
	Ensure an enabling environment for a green transition	<ul style="list-style-type: none"> <li>• Revise and reinforce structural policies.</li> <li>• Phase-out fossil subsidies.</li> <li>• Consider establishing a carbon tax.</li> </ul>	Creates supportive business conditions.

## Policy levers for Dimension 8: Inclusive growth for industrial transition

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/additional benefits
Limited economic inclusion	Increase the economic value of excluded groups to businesses of all sizes	<ul style="list-style-type: none"> <li>Support disadvantaged groups (unemployed, under-employed, skills-mismatched people, women, youth) through targeted career guidance and retraining schemes.</li> </ul>	<p>Can increase productivity and wage growth of underutilised economic groups.</p> <p>Generates inclusive employment opportunities.</p>
	Strengthen employment standards	<ul style="list-style-type: none"> <li>Engage with industry leaders to generate alignment around employment standards.</li> <li>Consider voluntary, bottom-up initiatives, such as employment charters, as possible avenues for strengthening employment standards.</li> <li>Promote business-to-business mentoring on raising employment standards.</li> <li>Introduce financial and functional incentives for more inclusive employment.</li> </ul>	<p>Can attract a more diverse set of workers to an area, industry sector or specific company.</p> <p>Can increase labour inclusion.</p>
	Build employer interest in upskilling local communities	<ul style="list-style-type: none"> <li>Educate employers regarding how new technologies or production methods can help their businesses and the skills required to take advantage of this.</li> </ul>	Supports business adaptation to industrial transition.
		<ul style="list-style-type: none"> <li>Ensure that the necessary training programmes for upskilling are available and communicated to employers.</li> </ul>	Helps businesses leverage opportunities presented by new technologies and transition processes.
		<ul style="list-style-type: none"> <li>Consult with employers and staff regarding the right incentives for adopting new methods and/or upskilling.</li> </ul>	Identifies incentive mechanisms that can increase training uptake.
	Build awareness of innovation and industrial transition in traditional industries and geographically remote areas	<ul style="list-style-type: none"> <li>Design targeted skills programmes for owners and employees of traditional industries and geographically remote areas.</li> <li>Connect businesses in remote areas, whose activities are complementary in the context of transition-related efforts.</li> </ul>	<p>Supports transitions in industries.</p> <p>Can generate growth in remote areas, attracting or retaining skilled workers.</p>
		Encourage territorial co-operation through rural-urban partnerships	<ul style="list-style-type: none"> <li>Expand and maintain physical infrastructure (road networks, trains).</li> <li>Expand supply chains (e.g. agro-industry) and links between SMEs and universities and/or research centres.</li> </ul>
Ensure digital connectivity and digital services in remote regions	<ul style="list-style-type: none"> <li>Encourage ICT investments and virtual delivery of public e-services in rural areas.</li> </ul>	Stimulates investments in digital technologies.	
Strengthening regional well-being	Develop and implement a regional-level well-being framework	<ul style="list-style-type: none"> <li>Develop regional measures of material well-being and quality of life.</li> <li>Track regional performance on well-being and quality of life measures.</li> <li>Engage civil society and academia to define well-being measures.</li> </ul>	Can support greater well-being outcomes.
Improving inclusive growth governance	Build strategic partnerships and stakeholder engagement	<ul style="list-style-type: none"> <li>Maintain existing or set up new multi-actor and level partnerships (e.g. political co-ordination committees, local working groups, collaborative open networks, platforms, agencies).</li> </ul>	Fosters stakeholder engagement.
			Increases efficiency.

## Policy levers for Dimension 9: Smart specialisation

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
Limited capacity to implement S3 during an industrial transition process	Build collaboration around S3 and industrial transition	<ul style="list-style-type: none"> <li>Clearly identify links between regional development objectives, S3 objectives and industrial transition objectives.</li> <li>Develop S3 collaborative regional development plans.</li> <li>Establish S3 regional innovation hubs focused on local needs.</li> <li>Facilitate S3 policy experimentation labs.</li> <li>Boost collaboration in the Entrepreneurial Discovery Process by increasing the representation of under-represented groups.</li> <li>Build co-ordination mechanisms among S3 actors through different engagement modalities (e.g. fora, dialogue events, peer-to-peer exchange opportunities, online platforms).</li> <li>Reinforce S3 implementation through knowledge sharing and exchange.</li> <li>Organise S3 workshops and training sessions.</li> <li>Develop S3 partnerships and networks to share knowledge.</li> <li>Provide funding for S3 pilot projects to encourage experimentation.</li> <li>Ensure clarity of roles among actors involved in S3 implementation.</li> </ul>	<p>Provides potential to optimise resources to meet industrial transition and S3 objectives.</p> <p>Builds social capital of the region by generating knowledge and stakeholder exchange.</p> <p>Can foster opportunities for collaboration.</p>
	Promote a culture of S3 experimentation	<ul style="list-style-type: none"> <li>Create S3 innovation labs aligned with research goals.</li> <li>Support S3 interdisciplinary research projects to foster innovation.</li> <li>Facilitate S3 cross-sector networks for information sharing.</li> </ul>	Generates new ideas for S3.
	Engaging in comprehensive S3 analysis	<ul style="list-style-type: none"> <li>Conduct S3 industry consultations with targeted stakeholders.</li> <li>Perform S3 regional assessment studies to understand needs.</li> <li>Organise S3 participatory processes to gain insights.</li> </ul>	Understanding the interplay of S3 challenges.
	Test new S3 governance models	<ul style="list-style-type: none"> <li>Implement Strategic Research and Innovation Partnerships (SRIPs).</li> <li>Introduce collaborative models.</li> <li>Launch Strategic Innovation Initiatives (SIIs) with targeted goals.</li> </ul>	Promotes knowledge exchange with stakeholders.
Need to meet sustainability and inclusivity aims associated with industrial transition	Building a robust S3 institutional framework	<ul style="list-style-type: none"> <li>Strengthen interagency co-ordination through structured dialogues.</li> <li>Engage diverse stakeholders in industrial transition planning.</li> </ul>	Facilitates collaboration across sectors and regions.
	Ensure that S3 integrates environmental considerations, resource efficiency and supports the transition to a low-carbon economy	<ul style="list-style-type: none"> <li>Take stock of tools and systems necessary to meet industrial transition aims and identify how S3 initiatives can help improve these.</li> <li>Use an experimental approach to test projects that support industrial transition and also feed into S3 objectives.</li> </ul>	Promotes industrial transition objectives and S3 aims.

Policy issue	Policy response	Potential suite of implementation mechanisms	Rationale/ additional benefits
	Link innovation policy levers with sustainable growth objectives in S3	<ul style="list-style-type: none"> <li>• Facilitate S3 inclusive growth strategies to support diverse communities.</li> <li>• Implement S3 environmental regulations with a focus on sustainable innovation.</li> <li>• Establish S3 funds for encouraging sustainable innovation practices.</li> </ul>	<p>Reinforces the intersection between S3 and industrial transition.</p> <hr/> <p>Can optimise resources for the implementation of industrial transition and S3 initiatives.</p>



## Towards successful policy experimentation: An experimentation checklist

Policy experimentation refers to a process in which innovative policies or programmes are tested on a small scale before potentially being implemented on a larger scale. It involves a learning-by-doing approach that allows policy makers to understand the effectiveness of proposed policies and to adjust them if necessary (Centre for Public Impact, 2018<sup>[2]</sup>).

The following checklist is intended to serve as a guide for policy makers thinking about an experimental approach to support industrial transition. The checklist should be considered as a tool to identify what elements should be in place to increase the probability for an experimental initiative to successfully advance industrial transition goals. In particular, policy makers and practitioners in regions (or countries) in industrial transition can use the checklist to self-assess their policy experimentation readiness. The checklist should not be considered exhaustive and users are welcome to add additional ideas relevant to their needs and context.

The checklist is inspired by the insights gathered from the regions and countries participating in the European Commission-OECD pilot project. It is designed to lead policy makers through a set of steps:

1. Situation assessment.
2. Planning the experiment.
3. Implementing the experiment.
4. Engaging with stakeholders.
5. Monitoring, evaluating and learning.

Each step has a series of associated statements or questions a policy maker can ask themselves to consider when thinking about an experimental approach. To help guide the process, there is a checklist at the end of each row where the policy maker can indicate whether the response to the question is “yes” or “no”. There is also a place for comments/notes should the policy maker decide to provide more information about the status of a particular activity, identify targets, timing, stakeholders, partners, etc.

Once complete, the checklist could guide the policy maker in the development of an action plan for applying an experimental approach to initiatives that can help advance a region’s industrial transition.

### The policy experimentation for industrial transition checklist

STEP 1: Situation assessment			
Step 1.A. Developing a comprehensive picture of the history, current and potential future development of the region’s dominant industrial sectors			
Please indicate if the following statements apply.	Yes	No	Comments/notes
A thorough quantitative and qualitative assessment has been carried out of where the region’s productive strengths are and where they could be optimised.			
A horizon scanning exercise has been carried out to identify other potential/future areas of opportunity or growth based on existing productivity or industrial profile.			
Step 1.B. Identifying the industrial transition characteristics of the region			
Please identify the characteristics that apply.	Yes	No	Comments/notes
A lower-than-average per capita gross domestic product (GDP) as a percentage of the national average.			
An average annual GDP growth of 1% or less.			
A lower than national (or EU) average level of population with tertiary education.			
A rising unemployment rate.			

A lower than national average life expectancy.			
Performance in the middle to bottom half of OECD Regional Well-being indicators (e.g. jobs, income, environment, community, life satisfaction, housing, health, education).			
<b>Step 1.C. Identifying the industrial transition dimensions that the experiment should or could support</b>			
Please select all dimensions that apply. Add dimensions, if applicable.	Yes	No	Comments/notes
Innovation and innovation diffusion.			
Building skills and jobs of the future.			
Supporting SMEs and entrepreneurs.			
Just transition to carbon neutrality.			
Inclusive growth.			
Smart specialisation.			
Other, namely: ...			
<b>Step 1.D. Framework conditions: Identifying if there is a culture of continuous learning and improvement</b>			
Please indicate if the following statements apply.	Yes	No	Comments/notes
Risk taking is supported.			
Policy makers are open to working in uncertainty.			
Policy makers have room to fail (failure is viewed as a learning opportunity).			
Learning is valued.			
Policy makers have flexible mindset.			
<b>Step 1.E. Framework conditions: Identifying if risk can be mitigated</b>			
Please indicate if the following statements apply.	Yes	No	Comments/notes
There is a political climate or political appetite for experimentation.			
A broad base of internal stakeholders is engaged.			
A cost/benefit analysis of the experiment is complete.			
Other risk-mitigating factors, namely: ...			
<b>Step 1.F. Identifying potential legislative or regulatory obstacles</b>			
Please indicate if the following statements apply.	Yes	No	Comments/notes
Rules regarding funding and financing programmes or projects are considered to be obstacles.			
High levels of red tape/administrative burden.			
<b>STEP 2: Planning the experiment</b>			
<b>Step 2.A. Setting the experiment's objectives and priorities</b>			
Please answer the following questions.	Yes	No	Comments/notes
Has the experiment's purpose been clearly established and communicated to relevant stakeholders?			
Have realistic but ambitious objectives been set for the experiment?			
Are the objectives clearly relevant and realistic for addressing industrial transition challenges?			
Have complementarities in the experiment's objectives been identified with other strategic documents, sectoral objectives or programmes?			
Have relevant internal (government) and external stakeholders been engaged in identifying the objectives?			
Is there a clear prioritisation and sequencing of objectives and actions?			

Step 2.B. Designing the experiment			
Please answer the following questions.	Yes	No	Comments/notes
Has the experiment been designed with stakeholder input?			
Is the experiment designed with room for adjustment if circumstances change (e.g. a need to change the specific project or project target)?			
Are there existing channels for knowledge sharing and learning by the project team and among stakeholders?			
If there are no existing channels for knowledge sharing and learning, can these be established?			
Can the experiment can be scaled up if successful and appropriate (i.e. costs, resource requirements and impact at a larger scale are part of the experiment's design or considered in a mid-term evaluation process)?			
Is scaling out possible if the experiment is successful (i.e. costs, resource requirements and impact in other sectors are part of the experiment's design or considered in a mid-term evaluation process)?			
Step 2.C. Identifying the resources required			
Please answer the following questions.	Yes	No	Comments/notes
Can a team dedicated to managing, co-ordinating and delivering the experiment be established?			
Is there access to the human resource skills/expertise necessary to carry out the experiment (e.g. project management, thematic expertise, working with stakeholders, etc.)			
Is there sufficient funding to carry out the experiment for its full lifecycle?			
Has consideration been given to how to fund a scaled-up or scaled-out version of the experiment if appropriate?			
STEP 3: Implementing the experiment			
Step 3.A. Identifying institutional capacity to implement the experiment			
Please indicate if the following statements apply.	Yes	No	Comments/notes
The implementing body has the credibility and mandate to manage and co-ordinate the experiment through its lifespan.			
The implementing body has the institutional capacity to partner with other government actors and with non-government stakeholders.			
There is institutional capacity to launch and maintain active dialogue with stakeholders and use the feedback in a constructive manner.			
The experiment has a clearly defined and communicated governance structure.			
The roles and responsibilities of actors can be clearly attributed.			
Mechanisms to co-ordinate different actors and stakeholders involved in the experiment are in place or can be developed and made operational.			
STEP 4: Engaging with stakeholders			
Step 4.A. Identify the integration of stakeholder engagement throughout the experiment's lifecycle			
Please indicate if the following statements apply.	Yes	No	Comments/notes
Potential stakeholders are mapped (e.g. firms, local government, academia, civil society, citizens).			
Stakeholders are/will be involved in designing the experiment.			
The proposed experiment holds stakeholder appeal.			
Stakeholders are actively informed of the experiment in a two-way consultation.			
Targeted stakeholders have the capacity and willingness to engage with the experiment.			
Stakeholder feedback is actively sought on different aspects of the experiment throughout its lifecycle.			

Communication strategies are in place or will be developed to share the results and insights of the experiment with all relevant stakeholders.

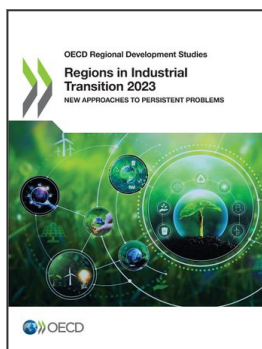
### STEP 5: Monitoring, evaluating and learning

#### Step 5.A. Identifying the monitoring and evaluation framework established for the experiment

Please answer the following questions.	Yes	No	Comments/notes
Has a clear timeframe for the experiment been established and communicated to relevant stakeholders?			
Have realistic and measurable <i>ex post</i> evaluation criteria been established to identify if the experiment can/should be scaled up or scaled out?			
Will an independent <i>ex post</i> evaluation be undertaken at the end of the experiment's pre-established timeline?			
Has a monitoring and evaluation framework been developed to measure the experiment's outputs and outcomes?			
Have realistic targets and measurable indicators been developed and agreed upon with stakeholders?			
Are necessary qualitative or quantitative data accessible?			
Is there an accessible channel to clearly communicate results to stakeholders and citizens in an easy-to-understand manner for transparency, accountability and reporting?			
Will the lessons and insights from the experiment be captured to improve the experiment and/or to develop future experiments and industrial transition initiatives?			

## References

- Centre for Public Impact (2018), *A Brief Introduction to... Policy Experimentation*, [2]  
<https://www.centreforpublicimpact.org/assets/documents/CPI-A-brief-introduction-to-Policy-experimentation.pdf>.
- OECD (2019), *Regions in Industrial Transition: Policies for People and Places*, OECD Regional Development Studies, OECD Publishing, Paris, <https://doi.org/10.1787/c76ec2a1-en>. [1]



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