Foreword

Innovation and entrepreneurial ingenuity have long been drivers of growth and prosperity in the United States (US) sustaining the US at the top of the technology frontier. Yet not all places in the US have the same opportunities to participate in, and benefit from, innovation and entrepreneurship. This, in part, explains many longstanding geographical inequalities between large metropolitan areas and rural places. Tackling geographical inequalities in innovation, including in the factors conducive to it, are therefore critical.

Rural innovation is shaped by many factors that require a better understanding of specific rural challenges and opportunities. These include issues related to access to finance and global markets, including through integration in global supply chains. However, despite these challenges, rural communities and local partners are at the forefront of many innovative solutions that are often specific to rural areas, for example, in relation to public service delivery, and indeed through innovations that have more universal application beyond rural areas. However, funding and opportunities for innovation in rural areas and indeed entrepreneurship often overlooks rural challenges and opportunities. Typically, support programmes are overly-tech focused and more suitable for science-based innovations that are more prominent in markets in metropolitan areas. Furthermore, access to basic and critical resources such as communications infrastructure and education is still a challenge for rural areas.

However, there is growing awareness that a different approach is needed for rural areas, including in addressing enabling factors. Furthermore, there is an increasing potential to embed this thinking into significant government packages, such as the Inflation Reduction Act (IRA), that can, in turn, drive innovation.

This report offers a diagnosis of innovation in the rural context with lessons drawn from similar research in other OECD countries. It provides policy recommendations on the delivery of federal programmes to support rural innovators and entrepreneurs at a time when two of the largest stimulus packages have been approved by the US congress, the Infrastructure and Investment in Jobs Act (IIJA) and the IRA. The analysis and chapters focus on innovation and entrepreneurship within the structure of rural counties, focusing on direct and indirect initiatives to support innovation. It also places a special focus on the importance of access to digital communications infrastructure and access to education and skills for rural innovation.

This work is a part of the series of reports in the OECD Enhancing Rural Innovation project. It supports the implementation of the mandate of the OECD Working Party for Rural Policy and the Regional Development Policy Committee. The report was formally approved by written procedure on 6 October 2023 [CFE/RDPC/RUR(2023)14].



From: Enhancing Rural Innovation in the United States

Access the complete publication at: https://doi.org/10.1787/22a8261b-en

Please cite this chapter as:

OECD (2023), "Foreword", in *Enhancing Rural Innovation in the United States*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/cf87fdae-en

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