

# Foreword

Beginning in 2018, the OECD and the European Commission's Directorate General for Regional and Urban Policy (DG REGIO) embarked on a Pilot Action as an experiment to learn what happens when policy makers: 1) expand their thinking on pathways to enhance innovation as a driver of regional development; and 2) are given the opportunity to take actions that would usually not be possible under the constraints of existing governance arrangements, such as regulations or budget frameworks, or embedded policy practices that may stymie innovative programme design. This experiment targeted regions in industrial transition and challenged them to rethink their approach to innovation policy and smart specialisation strategy (S3) design and implementation.

The first phase (2018-2019) of this collaboration focused on a diverse set of policy dimensions that could enable regions or countries, through greater innovation, to better support industrial transition. These dimensions included: jobs and skills of the future; entrepreneurship and SME support; innovation and innovation diffusion; a just (and green) transition to carbon neutrality; greater well-being and inclusiveness. With the participation of ten pilot regions and two pilot countries selected by the European Commission, a series of workshops explored the potential that each of these drivers had to promote innovation as a means to advance the development of regions in industrial transition. Participating regions and countries then developed and implemented a High Impact Action, with the support of the European Commission, in order to pilot new and experimental approaches to the design, implementation and governance of innovation programming to advance their industrial transition objectives.

In the final phase of this institutional collaboration (2022-2023), the OECD, with the support of the European Commission, worked with eight of the ten original regions and the two original countries to identify whether or not the experimental processes demonstrated potential for advancing innovation initiatives and, in turn, for advancing industrial transition.

This report provides a synthesis of the findings from this final phase. It builds on work from the first phase of the Pilot Action, including questionnaire responses from each of the Pilot Action participants, stakeholder interviews with each region and country, in-depth desk research, and OECD work in other areas such as multi-level governance and factors generating territorial divides in trust in government.

The report highlights policy makers must address industrial transition challenges. It is complemented by case studies exploring the experimental nature of each of the ten High Impact Actions developed as part of the Pilot Action, and how experimental governance and programme pilots support industrial transition, innovation and smart specialisation.

This report was developed as part of the Programme of Work of the OECD's Regional Development Policy Committee (RDPC), a leading international forum in the fields of regional, urban, and rural development policy and multi-level governance, which is served by the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). The RDPC emphasises the importance of multi-level governance and place-based approaches that are tailored to regional and local needs. The report was approved by the Regional Development Policy Committee through written procedure on 15 September, 2023 (CFE/RDPC(2023)/15).

# Acknowledgements

This report was prepared by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), led by Lamia Kamal-Chaoui, Director, and is part of the programme of work of the Regional Development Policy Committee.

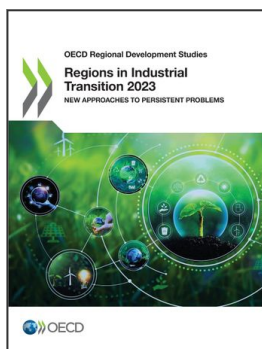
The report is a synthesis of the findings from work with eight regions and two countries in industrial transition that developed High Impact Actions – initiatives applying experimental governance arrangements or programming – to advance along their growth trajectories. It originates in work undertaken in 2018-2019 under a European Commission sponsored project “Pilot Action on Regions in Industrial Transition: The Peer-learning Exercise”, that culminated in the OECD report *Regions in Industrial Transition: Policies for People and Places*. The financial contributions and support from the Directorate-General for Regional and Urban Policy (DG REGIO) are gratefully acknowledged.

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The project was co-ordinated by Sandra Jolk, under the supervision of Maria Varinia Michalun, Head of the Governance and Strategic Planning Unit in the Regional Development and Multi-level Governance Division in CFE, led by Dorothée Allain-Dupré. The report was developed by Maria Varinia Michalun, Luca Tacconi and Geoff Upton, with contributions from Sandra Jolk. The High Impact Action case studies were drafted by Hyunjoon Cho, Sandra Jolk, Nikos Patias, Matteo Schleicher, Luca Tacconi, and Geoff Upton. The report benefited from additional comments of Rüdiger Ahrend, Andrés Fuentes Hutfilter, Paolo Veneri, Stephan Visser and YingYin Wu. Our thanks also goes to Eric Reese for his support in the design and facilitation of the peer-to-peer workshop and international forum that contributed to the findings of this project and to Pedro Marques of INGENIO (joint research centre of the Spanish National Research Council and the Universitat Politècnica de València) for his insights into experimental governance.

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