

Foreword

To deepen the understanding of how OECD countries can move towards a broad-based form of innovation policy, the OECD worked with the European Commission's Directorate-General for Regional and Urban Policy in bringing together academic and policy experts in a series of five high-level expert workshops on "Broadening innovation policy – New insights for regions and cities". This publication provides a summary of the discussion, building on background papers prepared by academic and policy experts.

This report highlights the need for a broad-based approach to innovation policy to unlock the innovation potential of all types of regions and cities. A broad-based approach requires taking capacity of the regional innovation system into account and adapting efforts across all levels of government to work with and upgrade that capacity. As regions and cities across the OECD have to face today's grand societal challenges, such as demographic transitions, climate change, digitalisation and automation, innovation needs to take centre stage in the thinking of local, regional and national policymakers.

There is an increasing body of evidence suggesting that weaknesses in technology and knowledge diffusion in OECD countries are weighing on productivity growth and innovation, particularly among firms that are distant from the technological frontier (whether global or national). This weakens the capacity of OECD countries to adapt to meet future challenges and undermines inclusive growth. It is, therefore, necessary to examine whether current tools for innovation policy are too narrowly focused, targeting mainly research and development as well as science- and technology-based interventions. To empower firms in all types of regions to benefit from global trends and technological change, a broad-based innovation policy also needs to be flexible enough to adapt to the different capacity and innovation ecosystems in different regions and cities.

Strengthening and upgrading innovation capacity requires that policy efforts engage and leverage the local and regional innovation systems. In some places, strong systems are already in place with links between the stakeholders of the quadruple helix formed by the public sector, the education system, the private sector and civil society, that support creation, uptake and diffusion of innovation. In others, the historic achievements of the region have not translated into a successful transition of the local economy during the third or – ongoing – fourth industrial revolution. For some, there is a need to develop initial links and build on niches of strengths. The capacity of the public sector and its ability to learn and transform its processes are critical elements for the continued success of innovation policy.

The workshops' lessons summarised in this report provide no easy solution for policymakers to prepare their regions and cities to navigate the current wave of radical innovations and digital disruptions. The knowledge frontier on what works and what does not (and under which circumstances) is constantly changing, while the complexity of innovation and the global technological context continues to evolve. Instead, the lessons show the need to think beyond innovation policy and integrate it with other policy fields when it comes to the uptake of innovation in regions. Knowledge can flow through the academic or education and training system or through foreign direct investment and firms engaged in production within global value chains.

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