



INNOVATION FOR INCLUSIVE GROWTH: THE REGIONAL DIMENSION

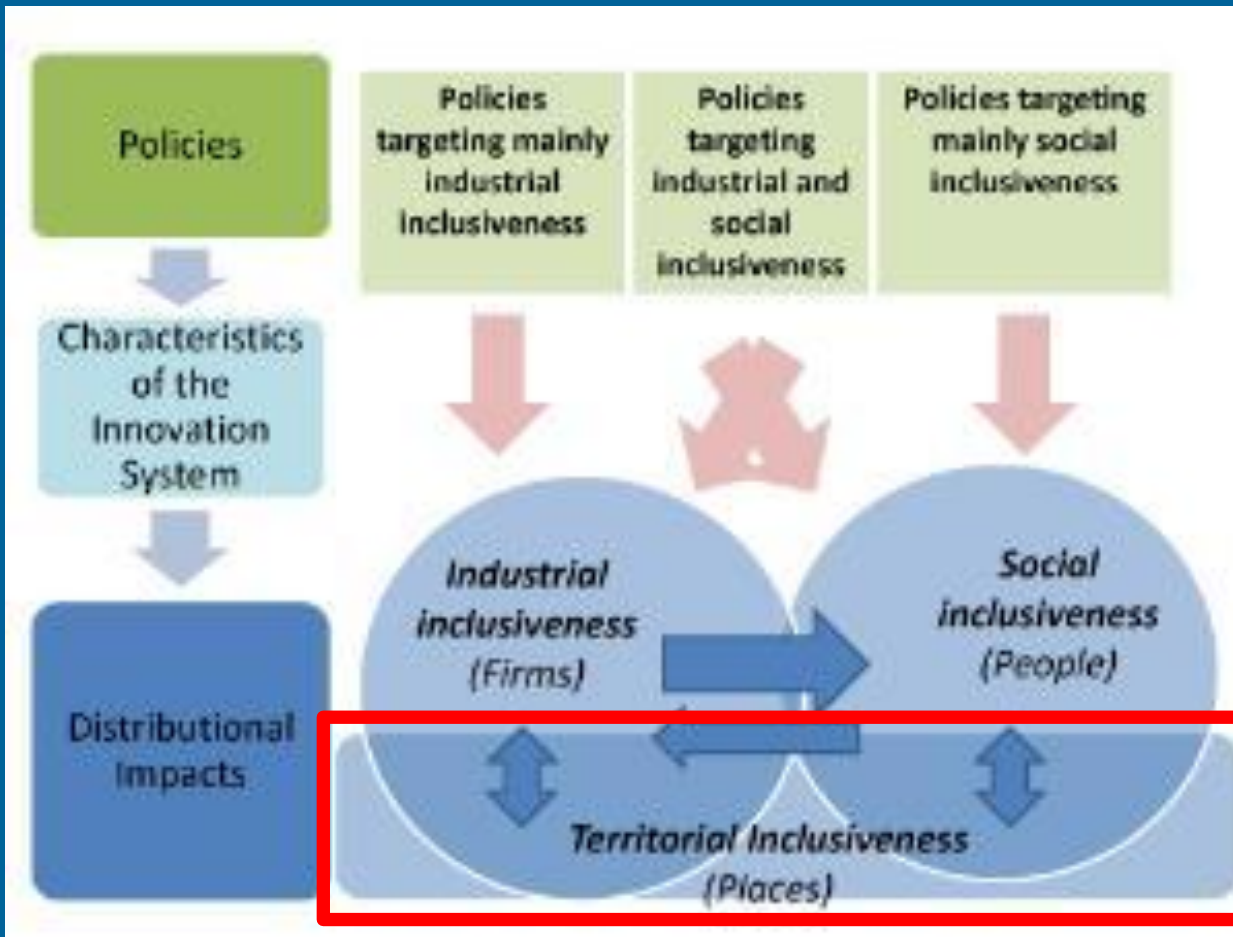
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Inter- and intra-regional disparities can detract from inclusive growth

OECD Project Framework



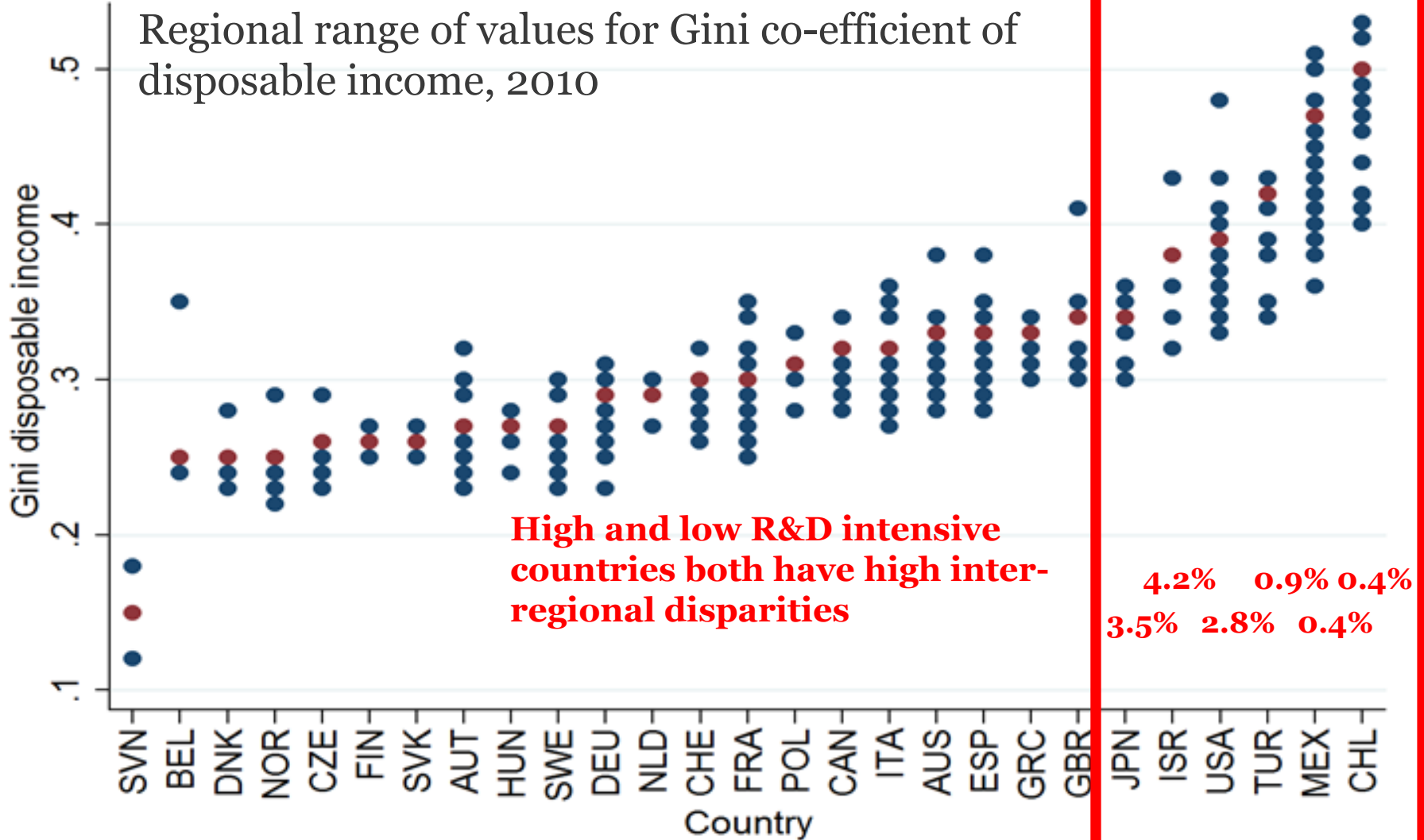
- Differences in infrastructure and public services impact inclusiveness for people and firms

- Rural-urban dimension

Disparities within metro areas



Inter-regional variations in intra-regional income inequality





Urban-rural dynamics and impacts on income inclusiveness: OECD regions

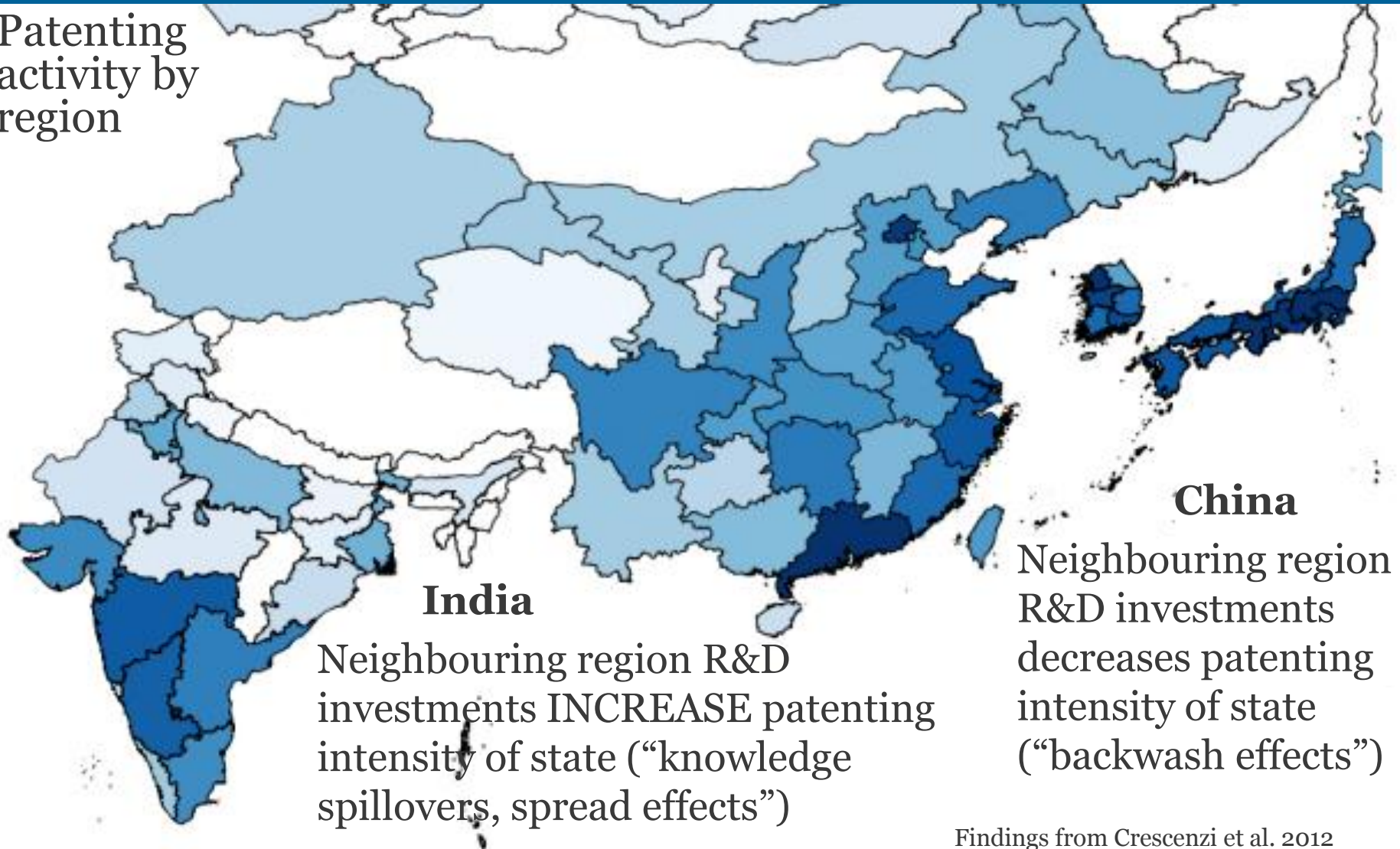
- Urban areas have higher income inequality, also generally have higher R&D investment
 - Slight U-shaped relationship: R&D investment and income inequality
- GDP per capita of rural areas lower than urban areas
 - gap varies by country, generally convergence trend in OECD countries
- Rural migrants to cities over time have higher income
 - even if this may contribute to inequality within a city
- Cities have benefits for population and GDP per capita growth in surrounding rural areas (“spread effects”)
- R&D investment has growth spillovers for neighbours, more so before crisis and more so for rural neighbours

Non-OECD country regions?



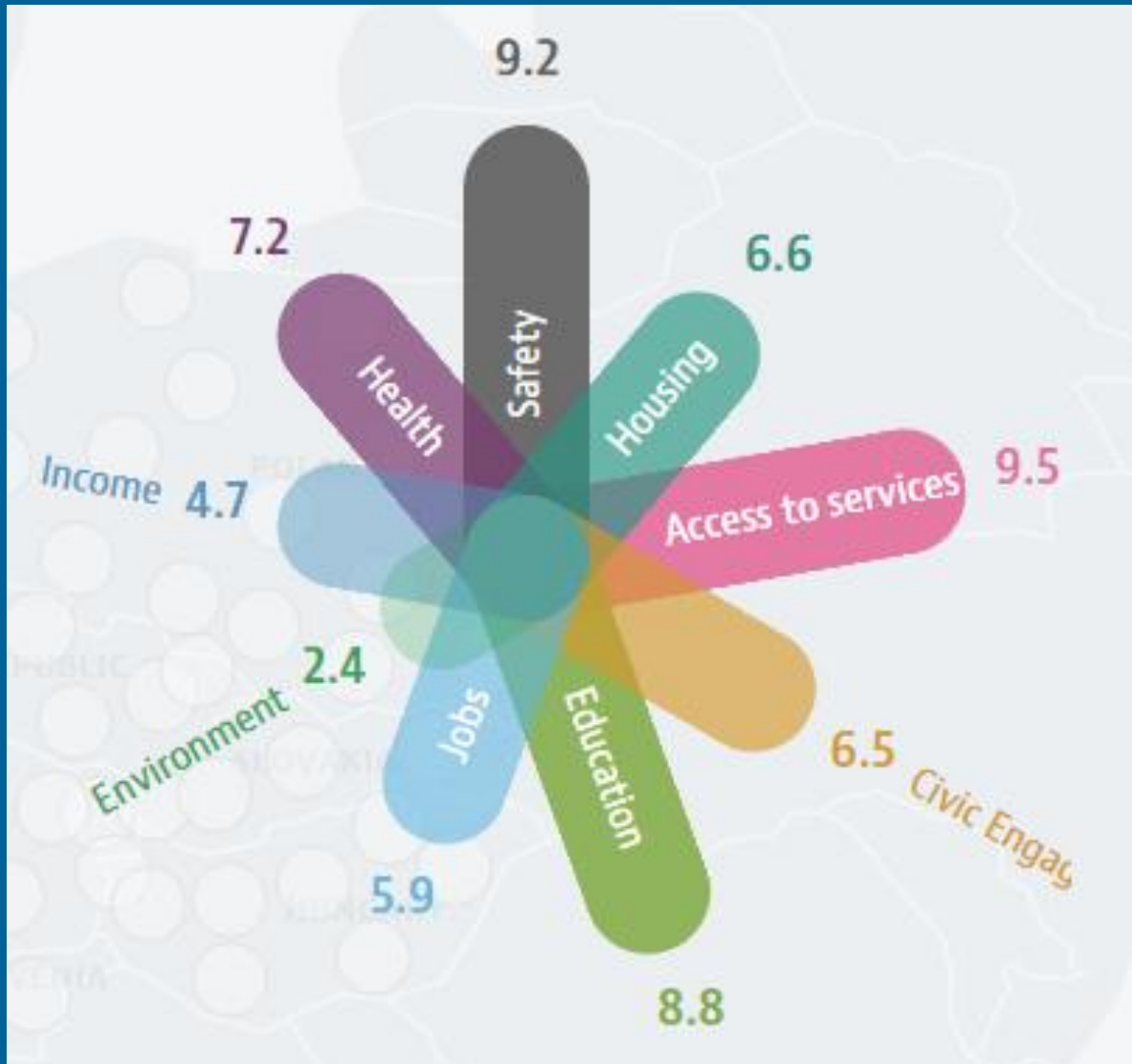
Inter-regional innovation spillovers: dynamics in Asia

Patenting
activity by
region





Inclusiveness goes beyond income to include well-being more broadly



Example of
Berlin,
Germany

<http://www.oecdregion.alwellbeing.org/>

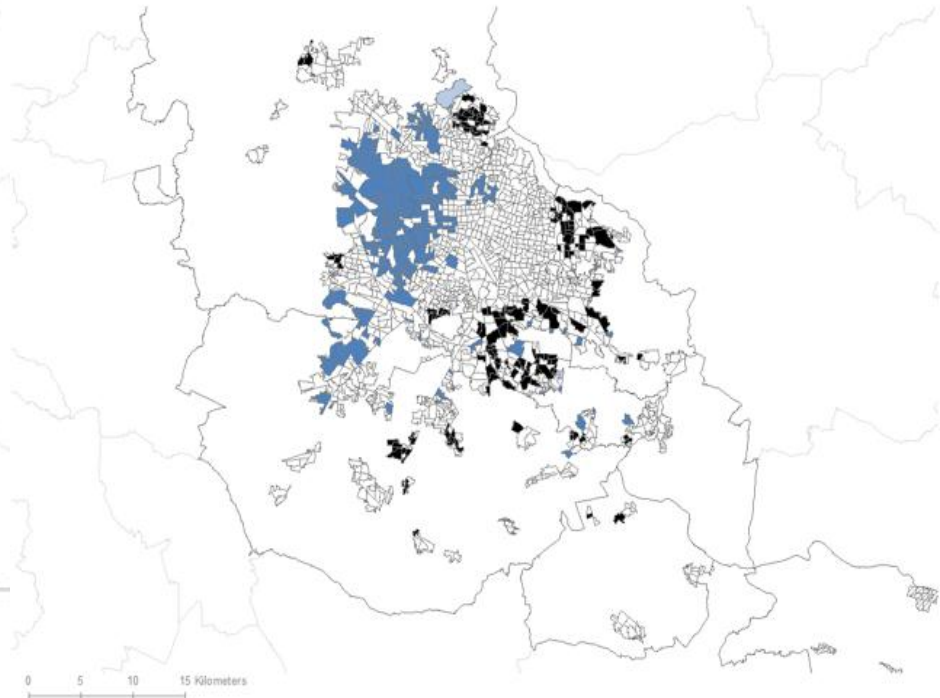
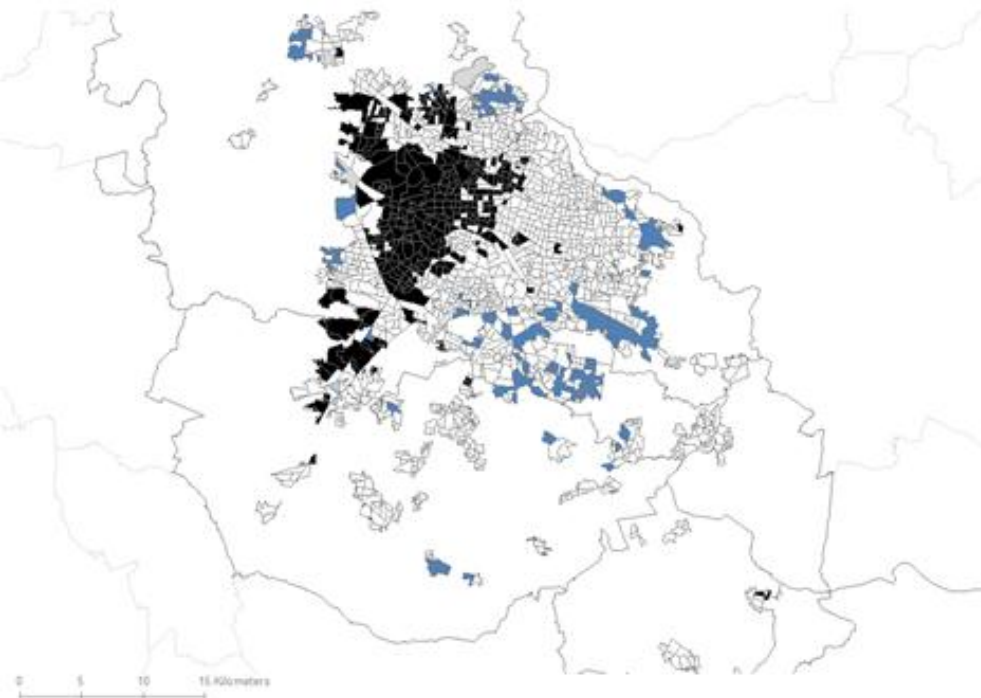


Different aspects of well-being reinforce each other at small spatial scales

Guadalajara Metropolitan Area, Mexico

Average years of schooling

Households without internet access





Adapting *traditional* innovation policy instruments for inclusiveness

**Challenge driven research
(targeting problems for
inclusiveness)**

- Social issues for disadvantaged groups
- Public service access
- Sectors in lesser developed areas

**Promoting inter-regional
spillovers
(spreading benefits,
building capacity)**

- Requirements to engage collaboration partners from lagging areas
- Extension services (not only agriculture)
- Networks of clusters/brokers/parks

**Targeting funds to specific
places**

- Rural areas in general
- Lagging regions in country context (ex. East German Lander, Western China, lagging US states)
- Special zones (with caveats)

**Modifying programme
requirements**

- Reducing matching funds requirements for less advantaged regions
- Relaxed selection criteria (with caveats)
- Openness to different forms of innovation



Building capacity for innovation strategies and policy making at sub-national level

- Use of regional strategies
 - National/EU governments have provided capacity support, conditionality for funding
- Trends to decentralise increasing responsibility in more regionalised contexts
 - Concerns about absorption capacity when few actors to absorb dedicated funding
- Regional-level councils and bodies
 - Networks among them to share good practices across regions
- Allowing experiments at regional/local scale
 - Opportunities to scale up at national level



Enabling innovations in policy and programme development process

- Inclusive forms of community engagement to address place-based problems
 - Example in urban development (reblocking in South Africa settlement)
 - Example of water governance in Brazil
- Inclusive forms of programme development to address user needs
- Innovation in public services using new tools
 - new data sources, devices, social sciences/ behavioural economics, experimental design