How to increase the voice of regions and shift towards place-based transformation strategies

Key findings

- Effective national transformation strategies require governance mechanisms that take into account territorial perspectives.

- The national government needs to learn how to work with its territories and communities to reveal their priorities and identify a shared vision for the future. A clear division of competences and associated financing are needed.

- A capable local public administration is needed to translate interactions among businesses, academia and civil society into actionable strategies and policy tools.

Lessons learned

- Triggering the interest of regions and all their actors to participate in strategy setting.

- Implementing effective mechanisms for resource transfers through performance-based contracts between the national and regional governments to avoid duplicating efforts and wasting resources.

- Shifting the focus from document elaboration to action by enabling effective dialogues among businesses, the government, academia and civil society, and focusing on identifying actions that could trigger change in the region.

- Unleashing the potential of the variety between regions, which differ highly in their institutional setting, history and culture, and this diversity should be used as a driver of national competitiveness.
In Chile, regions account for 13% of general government expenditures (versus an OECD average of 40%) and 27% of government staff expenditure (versus an OECD average of 60%).

Learning how to work with territories and constituencies to understand their priorities and identify a shared vision for the future.

Building trust to advance the decentralisation process, finding the approach that best suits historical and overall institutional arrangements.

Shifting from experimentation to effective and well-funded regional strategies, with clear strategic objectives, good governance and support.

Identifying mechanisms to implement actions that go beyond each region’s strengths and that maximise the synergies and complementarities between regions.

The Cases of the EU and Emilia Romagna

The EU smart specialisation strategy for diversification and industrial development is based on the principle that territories are repositories of knowledge and know-how. It has mobilised EUR 65 billion to define and implement regional specialisation strategies in EU regions, fostering dialogue and knowledge-sharing between actors of local production and innovation systems. The strategy enables actions from a bottom-up perspective at the regional, national and EU levels, identifying needs and opportunities and then providing financing, services and infrastructure support at the most appropriate level.

Emilia Romagna’s smart specialisation, including incentives for R&D, support for entrepreneurship, foreign direct investment attraction efforts, training, and export promotion, are all coordinated under a vision of and for the region. The policy mix is part of a seven-year framework and endowed with an initial public investment of USD 700 million, complemented by private investment funds up to at least 50% of the initial public investment.