What’s the issue

There are stubbornly large productivity differences across OECD regions...

Labour productivity in the most productive region is about twice as high as in the least productive region on average across OECD countries. While productivity levels are converging across countries, within-country productivity differences persist.

...undermining the ability to foster inclusiveness and to tackle current and future challenges.

Across OECD regions, a 10% increase in productivity is associated with 6% higher real income for workers and a 2% lower risk of poverty and social exclusion. Challenges such as labour shortages, the green transition, and demographic changes require firms and workers to produce more and higher quality goods and services with fewer resources.

All regions can unlock productivity growth, supported by interventions tailored on their specific strengths and needs.

Recent success stories show that each area, regardless of its current economic status, holds specific strengths and resources that can be harnessed, with the right policies in place.

To make the most of unprecedented public investments to address spatial disparities, policies need to rest on a solid evidence base.

Programmes such as the Regional Innovation and Technology Hubs in the United States and Next Generation EU in European Union reflect a strategic shift towards more inclusive and diversified regional development. To this end, it is essential to implement strategies that are informed by a deep understanding of the unique needs and strengths of each region.

Objectives

- **Reinforce and widen the evidence base** for more effective regional policies, uncovering the roots and causes of regional productivity differentials and identifying the strengths of each region.

- **Create exchange and peer-learning opportunities** within the region among local stakeholders, researchers and policy makers – as well as across OECD regions facing common challenges.

- **Develop concrete policy recommendations** to local and national policy makers, tailored to the specificities of each region.
Tools

RIGOROUS EMPIRICAL ANALYSIS
Leveraging OECD databases and timely administrative data sources at firm and worker level. Collaborations with a regional scientific committee composed of local universities and research groups, to ensure that the analyses integrate local knowledge.

CONSULTATIONS WITH REGIONAL STAKEHOLDERS
With in-depth knowledge of the local socio-economic system. Crucial to build a consensus across regional actors around the main challenges and potential policy priorities for the region.

PUBLIC EVENTS
To ensure that the activities and findings of the analysis become a shared resource for the region and its business community. Provide an opportunity for the region to showcase its main assets and attract investors.

INTERNATIONAL PEER-TO-PEER LEARNING
With OECD regions on productivity policies to strengthen the skills needed to develop, manage and evaluate local development strategies. The translation of policy proposals into concrete new policy initiatives is often a policy bottleneck. The OECD leverages its network of regional and national policy makers to create peer learning platforms.

Activites and Outputs

<table>
<thead>
<tr>
<th>Activities</th>
<th>Outputs</th>
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<tbody>
<tr>
<td>Coordination of a local scientific committee</td>
<td>A series of workshops with local researchers</td>
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<tr>
<td>Consultation of local stakeholders</td>
<td>Interviews and focus groups with local business and trade associations, unions, etc.</td>
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<td>Public fora</td>
<td>Yearly public events and a final launch event</td>
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<tr>
<td>Empirical analyses on regional productivity trends and deep-dive studies on key topics</td>
<td>Publication of OECD policy reports</td>
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<tr>
<td>Policy recommendations</td>
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<tr>
<td>Peer-learning</td>
<td>Workshops with policy makers and stakeholders from other OECD regions facing similar challenges</td>
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**EXAMPLE**

Bringing Trentino’s productivity growth back on track
A comparison with OECD “peer” regions
April 2024

FOR MORE INFORMATION

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The OECD Trento Centre for Local Development and its Spatial Productivity Lab

The OECD Trento Centre for Local Development is an integral part of the OECD Centre for Entrepreneurship, SMEs. Regions and Cities. The Trento Centre uses a holistic “from data to practice” approach to policies for sustainable development to offer local policy analysis, advice and capacity building activities for improved policy implementation for people, firms and places.

The Spatial Productivity Lab at the OECD Trento Centre for Local Development is a dedicated research laboratory that generates and disseminates knowledge on the complex ways regional and local processes are linked to productivity performance at the subnational level. The Lab works with local and global partners to address the challenges faced by regions, cities and rural areas in supporting and stimulating their growth.