



RURAL INNOVATION: A STRATEGIC ENGINE FOR FUTURE PROSPERITY

Good Practice Webinar on Rural Innovation, EU RURAL PACT
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Rural Innovation: a strategic engine for the future

Rural innovation is already happening in diverse settings - well beyond agriculture





Rural at a crossroads: finding a place in a changing world



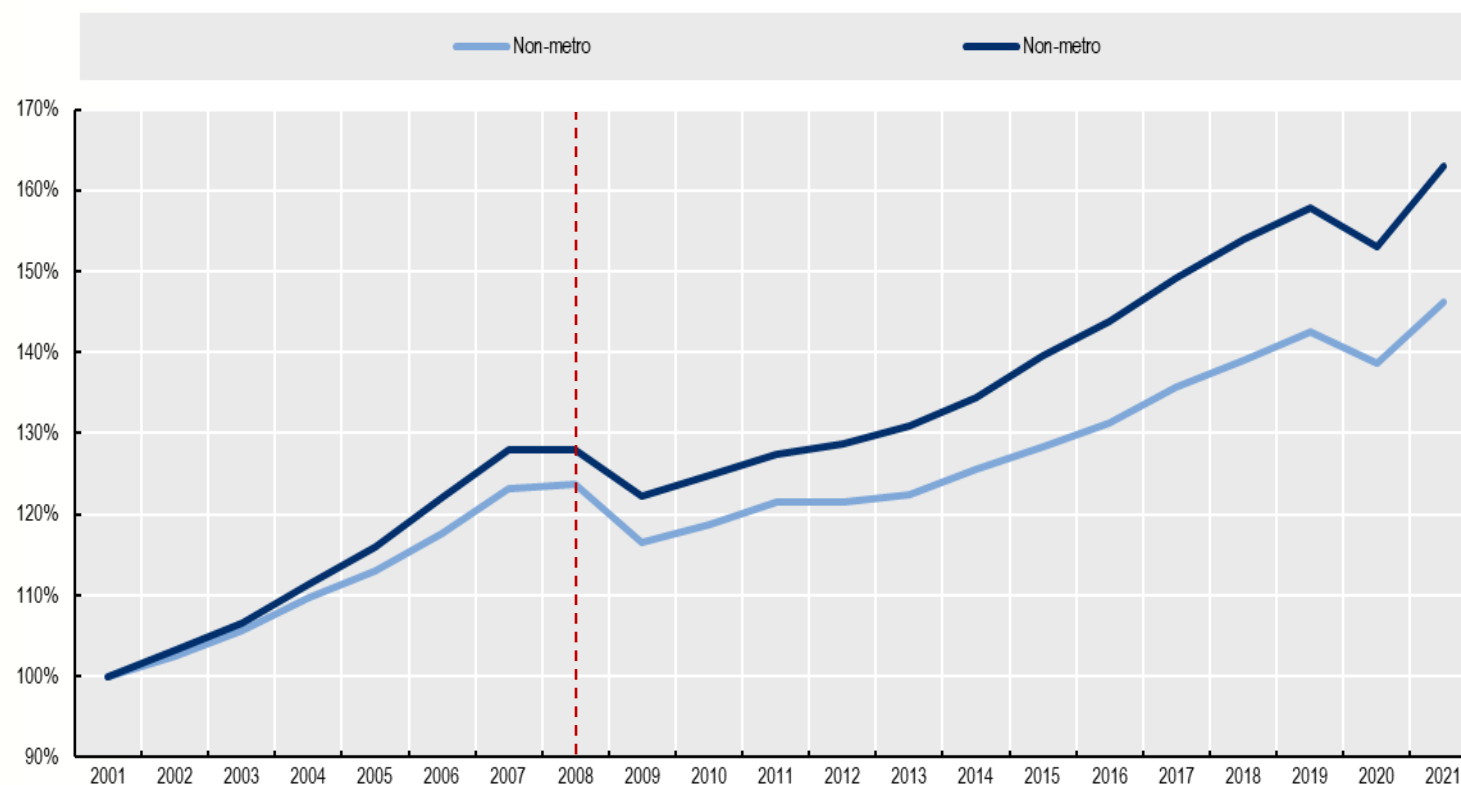
OECD Rural Studies

Reinforcing Rural Resilience



Divergence in economic activity: GDP trend 2001-2021, metro vs non-metro regions

GDP change, in % (2001 = 100%)



Source: OECD data analysis



Rural is not a burden: OECD granular data shows pockets of opportunity amid shrinking rural populations

Automation and capital contributing to productivity and transforming rural places

Data Facts:



In 3 OECD countries, rural GDP outpaced metros (2001–2021)



In 11 OECD countries, > 50% of rural regions beat national GDP per capita growth (rural near cities with highest growth)



Almost 1 in 2 OECD manufacturing jobs are in rural areas



Rural = 63% of OECD renewable electricity



20 % of rural jobs are green jobs

STAR sources of rural growth





Hurdles: it's not lack of ideas - it's a failure of tailored systems

Lagging behind...

- Low R&D activity: **153 patents per million in urban vs. 24 in rural**
- Lower entrepreneurship: **25% fewer young start-up entrepreneurs in rural areas (per 1000 inhabitants)**

Top barriers to rural innovation (OECD Survey in 23 countries)

- **33%:** Poor access to public services
- **30%:** Skills shortages (incl. digital skills)
(with rural entrepreneurs less likely to be in training)

A support system for rural innovation needs to go **beyond S&T**.



Focus on community challenges: healthcare, services, etc.....

In **Scotland**, the Highlands and Islands Enterprise Agency supports social entrepreneurs to deliver services the public sector cannot.

In **Switzerland**, “Innovation Boosters” fund radical ideas in remote areas using design thinking.

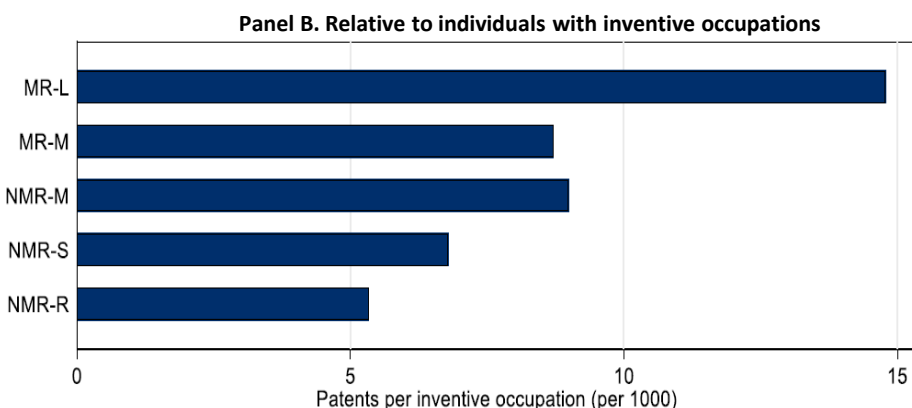
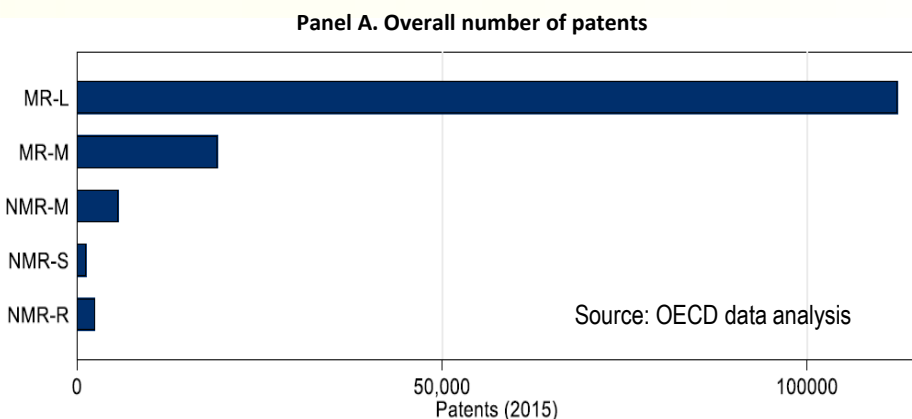


Rural innovation – a hidden strength?

S&T innovation

Patents by U.S. region type

patents filed 2015: Total and per 1000 individuals with inventive occupations



Broad innovation

Rural are **users** of innovation – even if statistics don't pick it up.

(e.g. tech adoption in biogas, mining plants etc.)

Rural innovation types	Example
Innovation rooted in place resources	Experimental Lakes Area in remote Ontario (CAN) → research facility on climate and pollution
Innovation led by civic groups	Go Forward Pine Bluff in Arkansas (US) → community entrepreneurial ecosystem
Innovation in regulations	Fintech Sandbox in Rural Australia → pilot financial services without full licensing burden
Innovating in service delivery	Social Enterprises for mental health in rural Scotland



Call to action: build conditions for rural innovation success

Rural innovation exists (and is diverse); but fit-for-purpose support systems don't.....



Going beyond science and technology-type innovation



Policies and programmes fit for demographics, firms and communities in rural areas.



Co-ordination and simplification of pre-existing public services



Building networks and linkages for rural innovation



Policy takeaway: rural innovation efforts need to be place based

Rural is not just one story....

- **Start small and experiment with pilots** – build a culture of experimentation
- **Build community architecture** - institutional and support conditions for rural people to meet, learn, and ideate.
- **Tailor regulatory innovation** - adapt to local settings – to overcome unique obstacles (regulatory sandboxes)

(e.g. pilot financial services without full licensing burdens in Australia)





THANK YOU

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