Federal Ministry
Agriculture and Forestry, Climate
and Environmental Protection,
Regions and Water Management
Republic of Austria

ÖROK

CONVELOP

INNOVATION & TRANSFORMATION

Making Transformative Innovation Work in Regional Policy

M. Gruber

presentation prepared on behalf of Federal Ministry for Agriculture and Forestry, Climate and Environmental Protection, Regions and Water Management

Based on: 'Regional Innovation & Transformation' - A ÖROK Framework Project – Austrian Spatial Planning Conference and associated projects

Gruber M. / Melidis K. (CONVELOP), Fischer M. (ÖAR)

EPRC-Seminar – 12th Nov 2025

Framework-Project



April 2025 – Linz



April 2024 – ÖROK GSt.

Transformative Innovation Policy – Key concepts
Focus – Regional Innovation
Focus – Circular Economy
Focus – EU Policies post-2028
Conclusions for Regional Policy in Austria

Kofinanziert von der Europäischen Union

MOTIVATION

Transformative Innovation Policy

- Focus on societal challenges (instead of economic growth)
- Implementation in Austria

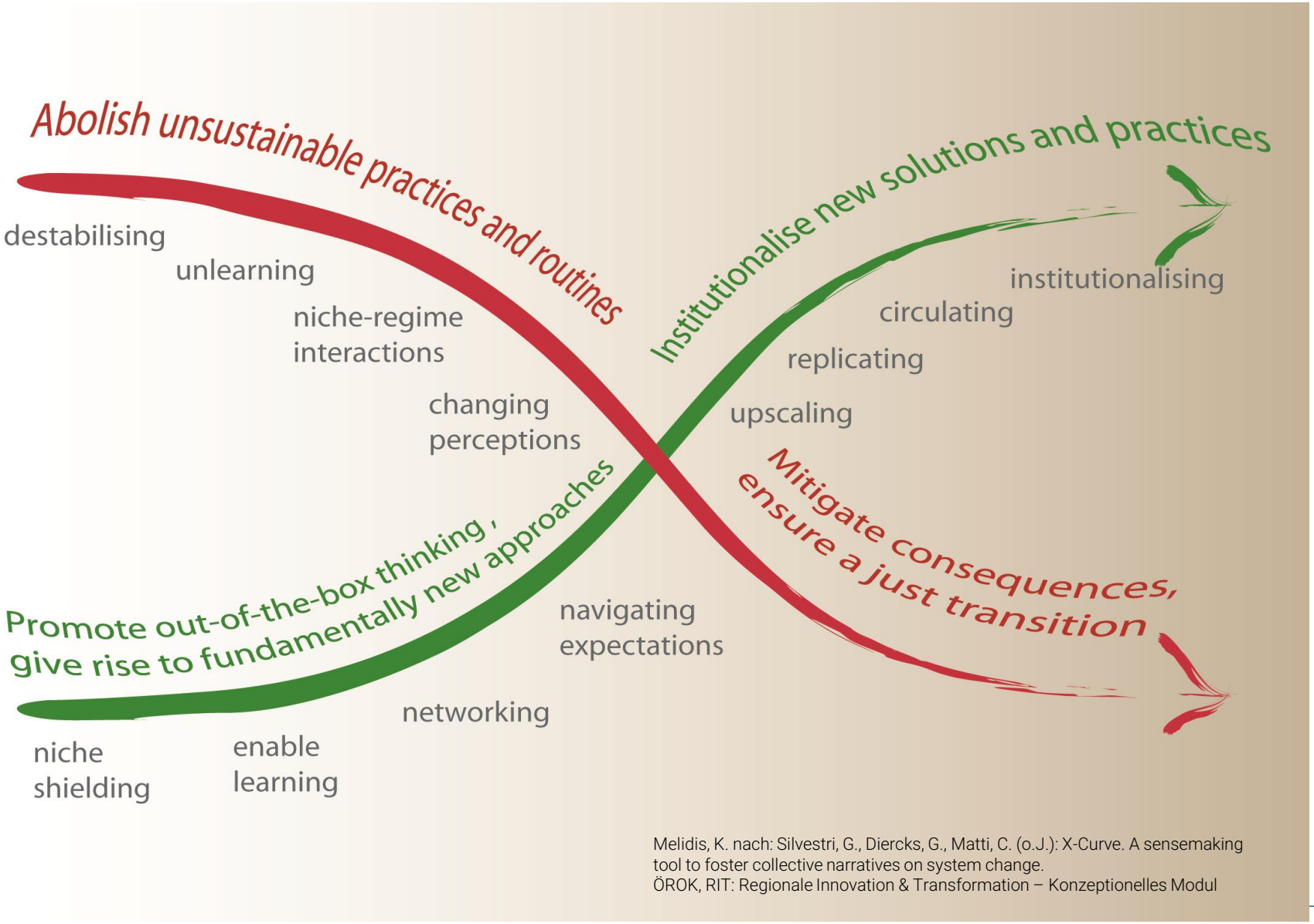
Regional Policy

- Regions' role and contribution regarding transformation?
- Regional innovation systems
- Multi-level governance challenges (of a federal system)?
- EU funds as a framework?

TRANSFORMATIVE INNOVATION POLICY - TIP

- **A new orientation of innovation policy** – beyond growth and competitiveness – addressing major societal challenges
- **Goal:** Systemic change in e.g. economic, energy, mobility, and food systems — involving technological, social, institutional, and cultural innovation.
- **Policy approach:** Moves beyond market and system failures; sets strategic missions, and coordinates actors across sectors.
- **Core principles:**
  - **Directionality:** Addressing societal goals (e.g. climate neutrality)
  - **Reflexivity**: Learning, adapting, and rethinking policies
  - **Inclusivity**: Broad participation and stakeholder diversity
  - **Experimentation**: Supporting pilots, living labs, and new governance models
- **Key challenge:** to overcome path dependencies

THE X-CURVE: A MODEL FOR SYSTEM CHANGE



Melidis, K. nach: Silvestri, G., Diercks, G., Matti, C. (o.J.): X-Curve. A sensemaking tool to foster collective narratives on system change.
ÖROK, RIT: Regionale Innovation & Transformation – Konzeptionelles Modul

REGIONS & TRANSFORMATION

Regions

- Pronounced place-specific characteristics (e.g. Hansen & Coenen et al 2017, 2021)
- Regional and subregional/local levels - social networks, experimentation
  => test beds and system innovations in small scale
- regions as lead-markets for innovation

Federal/state level

- Overarching Missions
- Enabling Innovation e.g. Financing RTDI, Knowledge transfer
- Focus on interregional learning, scaling and diffusion
- Infrastructure
- adapting Regulations

SUPPORTING ENERGY TRANSITION IN AUSTRIA

Mission - Energy-Transition
Sustainable reduction in energy and resource consumption and comprehensive use of renewable energies
NECP: 57% renewable energies by 2030
100% of electricity consumption covered by domestic renewable sources by 2030

Mitigation consequence / just transition
actions: Labour market interventions ("green jobs"), combating energy poverty

Destabilising / phasing out unsustainable practice
Framework ETS-Trading EU/national, Prohibiting of new fossil fuel heating systems

Enabling Innovation & experimentation
e.g. 100% Reallabore testing system solutions renewable energy
e.g. Social innovation: energy co-operatives, testing new business models etc.

(via Austrian research promotion agency, Climate and energy funds)

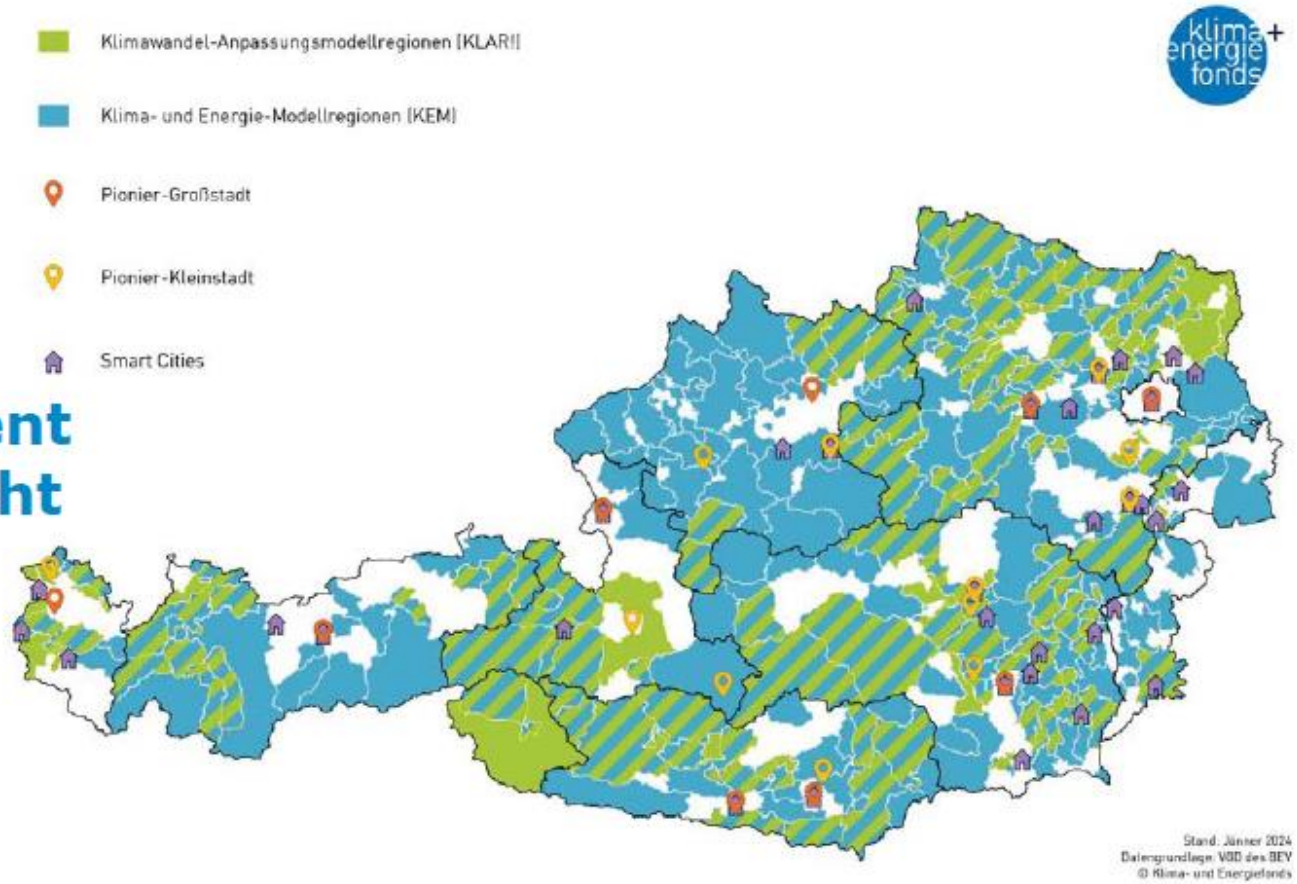
Learning environments
actions: energy ecosystem development

Scaling & diffusion
actions: e.g. 130 climate and energy regions as scaling program

Institutionalise new solutions
e.g. Renewable Energy Expansion act

CONVELOP

'Nothing works without local commitment'



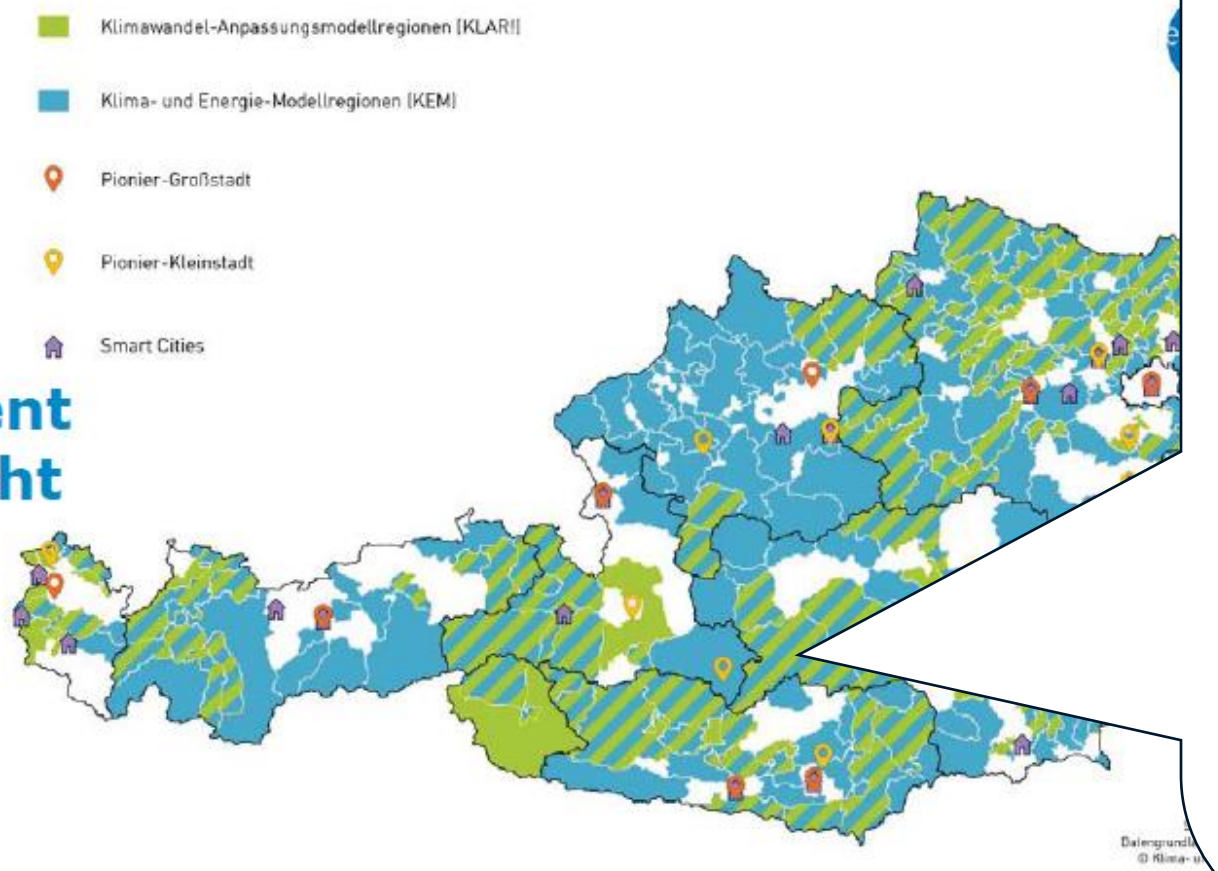
Source: Climate and Energy Fund 2024

Regional dimension in Energy transition

- Regions and municipalities coordinate spatial planning and develop regional energy plans
- Energy cooperatives of citizens or companies
- Sector coupling requires spatial proximity
- Awareness raising for renewables, energy efficiency, etc.

=> 130 Climate and Energy Model Regions as scaling programme

'Nothing works without local commitment'



Ohne Engagement vor Ort geht nichts!

Source: Climate and Energy Fund 2024

Vision

"**Energy Vision 2030 – energy self-sufficiency."**

Experiments and Innovation

e.g. "Real-World"-Laboratory
Citizen Energy cooperative green power

Results

region generates three times more electricity from renewable sources than it consumes itself.

70% of buildings are heated in a CO_2-neutral manner.

The surplus electricity will now be used to invest more in the expansion of e-mobility / e-mobility test bed.

Success factor

Clear vision and governance

Capacities Building in the region – A close network of intermediary organizations

Phasing out: early voluntary withdrawal of installers from the installation of oil heating systems

Austrian mission: Climate-neutral City

Objectives: Accelerating climate neutrality in Austrian cities

Impact path: System innovation:

- 10 pioneer cities (> 50,000 inhabitants) Public-public partnerships for (personnel) capacity and competence building
- Climate neutrality plans in 37 pioneering small and medium-sized cities (> 10,000 inhabitants)
- FTI initiative: System innovations and pilot demonstrations – energy, buildings, mobility, transformative governance,
- Demonstration of climate-neutral pilot neighbourhoods
- Comprehensive support process and learning environment, innovation ecosystem, change alliances

Impact path: System transformation:

- Activation and empowerment of Austrian cities and municipalities
- Broad knowledge transfer and mainstreaming process,
- ensuring scalability and replicability of solutions,
- further developing the innovation ecosystem.

International: initiatives such as the Driving Urban Transitions Partnership or European Urban Initiative

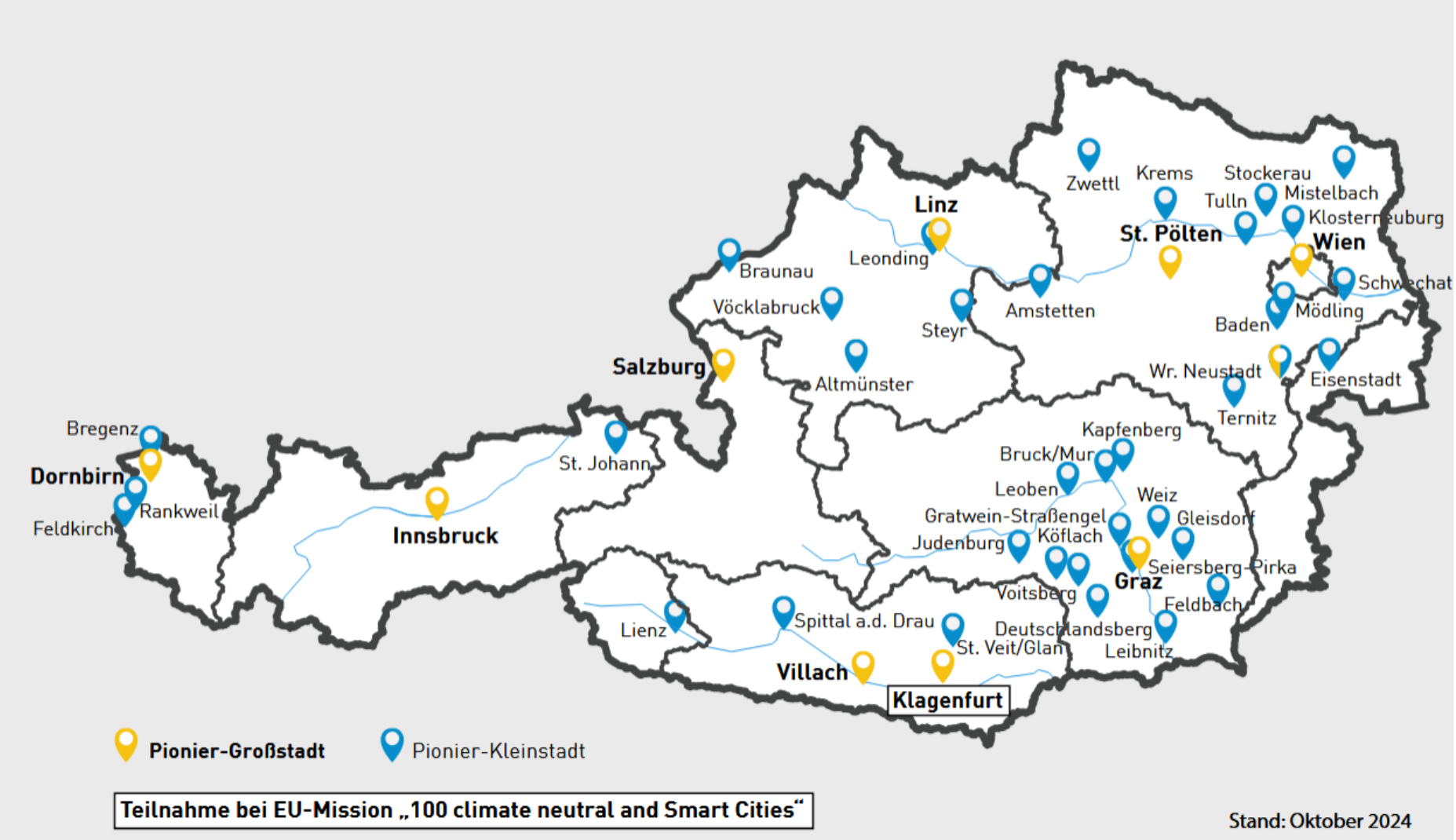
Pioneer cities: Strengthen capacities (personel) and competences in cities; support the redesign of Governance and administrative processes within the cities.

Critical factor: Capacities in Cities, Cross-department cooperation, Leadership

Source: Aktionsplan, EU-Mission „Klimaneutrale Stadt“

CONVELOP

Austrian mission Climate-neutral City



Source: Climate and Energy Fund 2024, www.klimaneutralestadt.at/de/initiativen/pionierstaedte

Multi-Level-Governance & Transformation

Transformation is polycentric, occurring in diverse forms and at multiple levels. This requires different types of public sector stimulus.

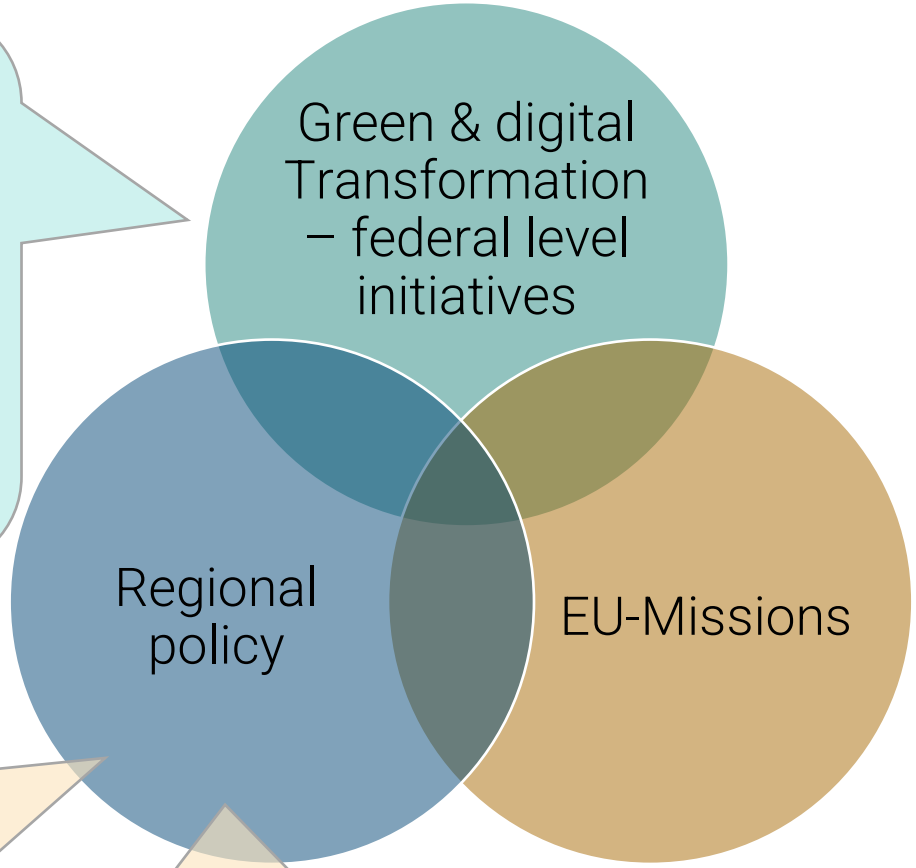
- **Federal Level**
  - defines overarching objectives and establishes the policy and funding framework
  - Setting regulatory and fiscal instruments,
  - supporting R&D and technological advancement,
  - providing infrastructural and institutional foundations for innovation ecosystems
  - Facilitating interregional learning, knowledge diffusion and scaling
  - and phasing-out of unsustainable practices via regulations.
- **Länder (State) Level**
  - promote regional innovation systems, technology platforms,
  - and shape framework conditions such as spatial planning.
  - Acting as intermediaries, aligning regional initiatives with national innovation and development priorities, scaling-functions
- **Regional-level:** Regions, cities, and municipalities
  - as arenas for place-based innovation
  - cross-sectoral collaboration and experimentation, testing new solutions under real-world conditions
  - generate scaling potential.

  => Strengthen the role of regions / need for innovation capacities

AUSTRIA – TRANSFORMATIVE INNOVATION POLICIES

Focus of transformative Innovation Policy

- Energy transition,
- Mobility transition
- Bioeconomy, sustainable food production systems (pilot action)
- Circular production and industrial transformation
- Climate neutral & smart Cities



Missions implemented in Austria

- Cities: Climate Neutral & Smart Cities
- Climate: Adaption to Climate Change
- Soil: A Soil Deal for Europe
- Ocean: Restore our Ocean, Seas and Waters
- Cancer: Mission Cancer

bottom-up LEADER/CLLD, Regional Management, Just Transition Funds, …
(re)positioning of regions

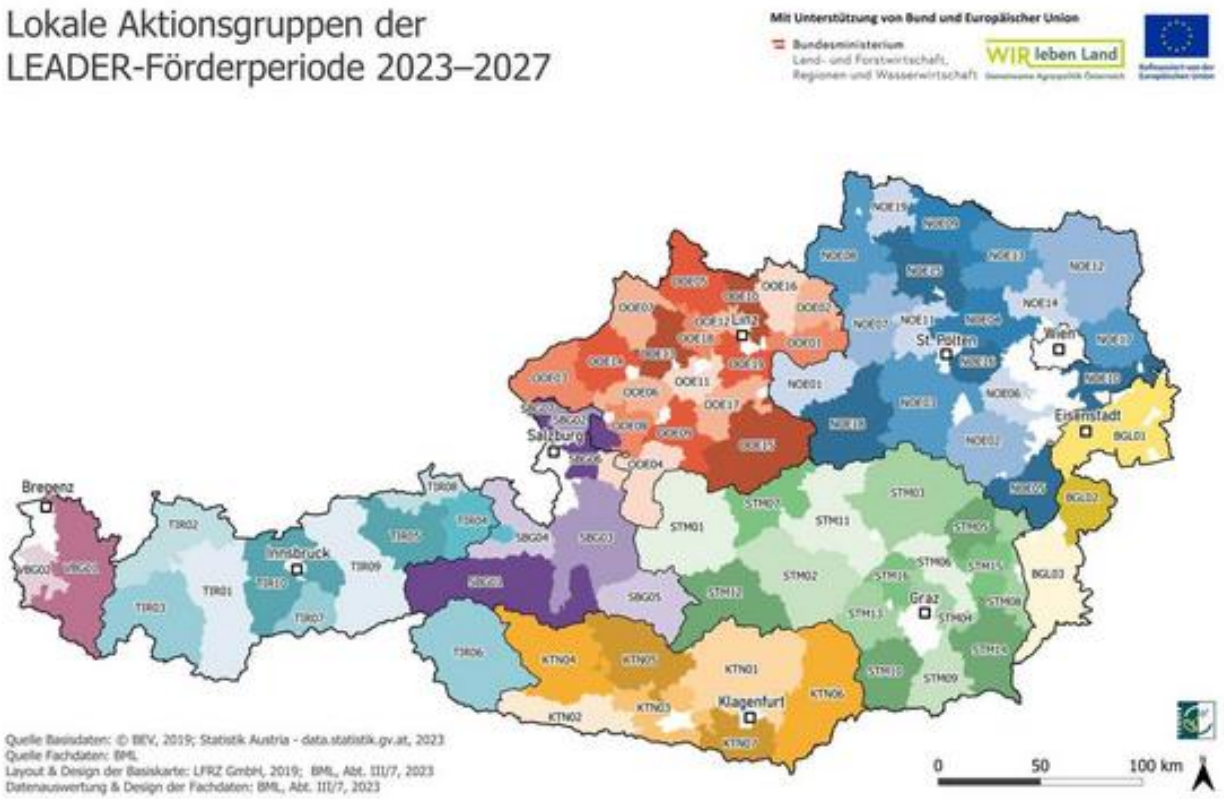
Challenges e.g. demographic shift, public services, village centres, economic restructuring, resources

Social Innovation in ESF+
…

LEADER - CLLD

Bottom – up approach
Place based
Broad participation

Austrian-wide structure



Policy-level learnings with a focus on regional policy

A more strategic approach & Orchestration	▪ Missions have the potential to orchestrate and coordinate. ▪ Joint definition of a few MISSIONs e.g. within National Reg.- Partnership Plan ▪ Establish learning platforms within the multi-level governance system
	▪ Linking bottom-up (non-targeted) regional development schemes to societal challenges
Make experimentation easier	▪ risk-taking, dealing with uncertainty often conflict with administrative logics (e.g. audit institutions). => reduce risk-adversity => "failure" as a valuable learning experience, change in culture and mind sets ▪ Implement new instruments such as regulatory sandboxes, Innovation Labs

Policy-level learnings with a focus on regional policy

Improve capacities for scaling	▪ Shift towards a more strategic portfolio management – strategic niche management
	▪ Scaling management is not yet established and outsourced via temporary funding projects. Agencies should develop in-house scaling expertise. ▪ Scaling and EU competition law?
Improve capacities at regional level	▪ Many organizations at the sub-regional level are small-scale. Transformative innovations, systems and cross-sectoral innovations are challenging. ▪ Empowering regional innovation ecosystems for transformative innovation ▪ Aligning management structures with transformation priorities => 'network-liked transformation agencies'

CONVELOP

Policy-level learnings with a focus on regional policy

EU-Programmes 2028+	▪ Support transformative policies within the future National-Regional Partnership Plan. ▪ From an Austrian perspective, the clear prerequisite is a shift in mindset and adapted control systems within the EU funding system.

Conclusions

- Transformative innovation policy has a clear regional dimension.
- It should be better interlinked with regional policy, for example through the joint definition of challenges and missions. – use potentials of all levels
- Regions should be strengthened in their capacities for transformative innovation.
- Scaling should be an integral part of policy schemes

Discussion & Reflection

- Transformation occurs in diverse forms and at multiple levels, requiring different types of public sector stimuli.
- Should the focus be on coordinating actors within the multi-level system — or rather on building the capacity
  - to stimulate innovation and variety, and
  - to recognize, absorb, reflect, and scale successful solutions?
  - Focus on capacities of Intermediaries as key player in transformation ?
- Phasing-Out of unsustainable practices, Unlearning: Still a blind spot?