THE ROLE OF RTOS TO DELIVER IMPACT ON THE ECONOMY AND FOR SOCIETY

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OECD-EARTO study on RTOs’ new challenges and opportunities for supporting socio-economic recovery, resilience and transition

Study premises
- Widely acknowledged contribution of RTOs to both strengthening competitiveness and solving societal challenges
- Lack of systematic evidence, statistics and dedicated studies to document this contribution
- ‘Double diversity’ of RTOs
- A changing context
  - More directional (challenge-led, mission-oriented) policies
  - Continuing accountability pressure and evolution of funding
  - A second crisis in 15 years: COVID-19

Study questions
- **How RTOs’ missions have evolved over the last 10 years** in the face of the growing call to contribute to solving mounting societal challenges and supporting sustainable transitions?
- How the changes in RTOs’ funding and overall context in the last 10 years have **impacted on their ability to deliver on their missions**?
A shift of RTOs’ *de facto* mission toward the societal imperative

- Achieving economic impact is still considered as the primary objective of RTOs
- The need to respond to societal imperatives represents the most important change in RTOs’ mission in the last 10 years
- Accelerated by the COVID-19 crisis: RTOs (also) as ‘policy instruments’

**Level of priority of RTOs’ mission objectives, by mission objectives**

*Black line = median
From 0: not important at all to 4: very important*
A new role call for RTOs’ transformation

- Systemic challenges require not only a broader range of competencies but also the adoption of a different perspective, more holistic, involving different sectors and disciplines.
- In principle, RTOs well-equipped to serve as...

- System intermediaries
- Orchestrators
- Transition architects
- System platforms
- System translator
- Virtual OEM
A new role call for RTOs’ transformation

• Systemic challenges require not only a broader range of competencies but also the adoption of a different perspective, more holistic, involving different sectors and disciplines

• In principle, RTOs well-equipped to serve as...

• To play this role RTOs need to strengthen
  – their **strategic consistency** to be able to create critical mass on some selected priorities
  – their **transversality** to promote interdisciplinary and intersectoral collaborations, within each RTO and between RTOs and partners
  – their **capacity to influence the ‘boundary conditions’** in which they operate
The changing organisational structure of RTOs

• Changes are already happening
  – a significant increase of collaboration between units and teams within RTOs
  – significant restructuring of some national RTO landscapes

• RTOs are trying different organisational structure to conciliate
  – top-down strategic integration and bottom-up initiatives
  – scale and agility
The changing organisational structure of RTOs

- New types of (virtual) matrix...

RTOs’ headquarters and central functions

National/EU priorities and ‘missions’

Internal allocation of basic funding

Center/unit

Center/unit

Center/unit

Center/unit

Center/unit
The changing organisational structure of RTOs

- New types of (virtual) matrix...
The changing organisational structure of RTOs

- New types of (virtual) matrix...
- Next step: aligning the internal structure of incentives?
The changing organisational structure of RTOs

- New types of (virtual) matrix...
- Next step: aligning the internal structure of incentives?
Evolving funding modalities

• **Basic funding**
  – *multi-annual and conditional* on the achievement of performance targets, no major changes to criteria
  – directions provided remain wide and generic, leaving significant **strategic autonomy** to RTOs
  – strategic earmarking of basic funding is rare

• **Competitive funding**
  – trend towards **larger projects**, more **challenge-based/mission-oriented** but...
    - ⬜️ need attention to balance with other types of ‘open’ funding
    - ⬜️ transaction costs
    - ⬜️ larger and fragmented funding

• **Private funding**
  – still pressures to increase their share of **external funding**
  – share of **commissioned contracts from public authorities** is increasing
  – several RTOs face a **saturation of industry demand**: need to address the needs of non innovative (technological) SMEs or reach out to new industry partners across borders
Many thanks for your attention…

• ...and for your support:
  – surveyed and interviewed RTOs
  – EARTO
  – OECD team (esp. Orestas Strauka)

Please send all comments and reactions to philippe.larrue@oecd.org