

# **Evolution of regional development policies in OECD countries**

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# Regional policy has evolved...

- from sectors to place based approach
- from a subsidy approach to investments to foster competitiveness
- from top-down policies to implementation through cooperation among different levels of government (multilevel governance)

***Regional policy is aimed at increasing a region's competitiveness. It means to identify the assets, define an integrated strategy to seize them and prioritize investments for the sustainability of these objectives.***

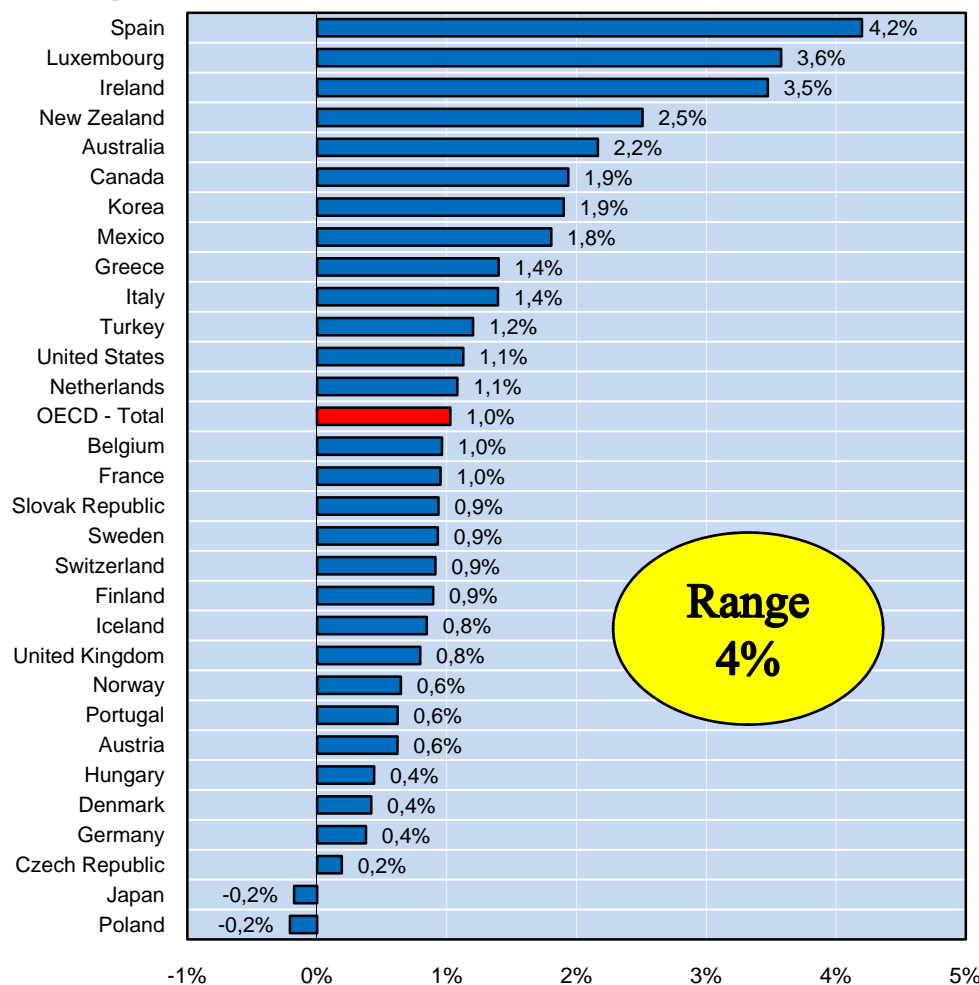
***The delivery of integrated public goods and services requires vertical and horizontal cooperation.***

- Nations and regions are struggling to remain competitive and adapt in the context of globalization.
- The regional specializations built up over decades are transforming rapidly.
- The impact of globalization is far greater on regions than nations



# Employment growth varied significantly among OECD countries...

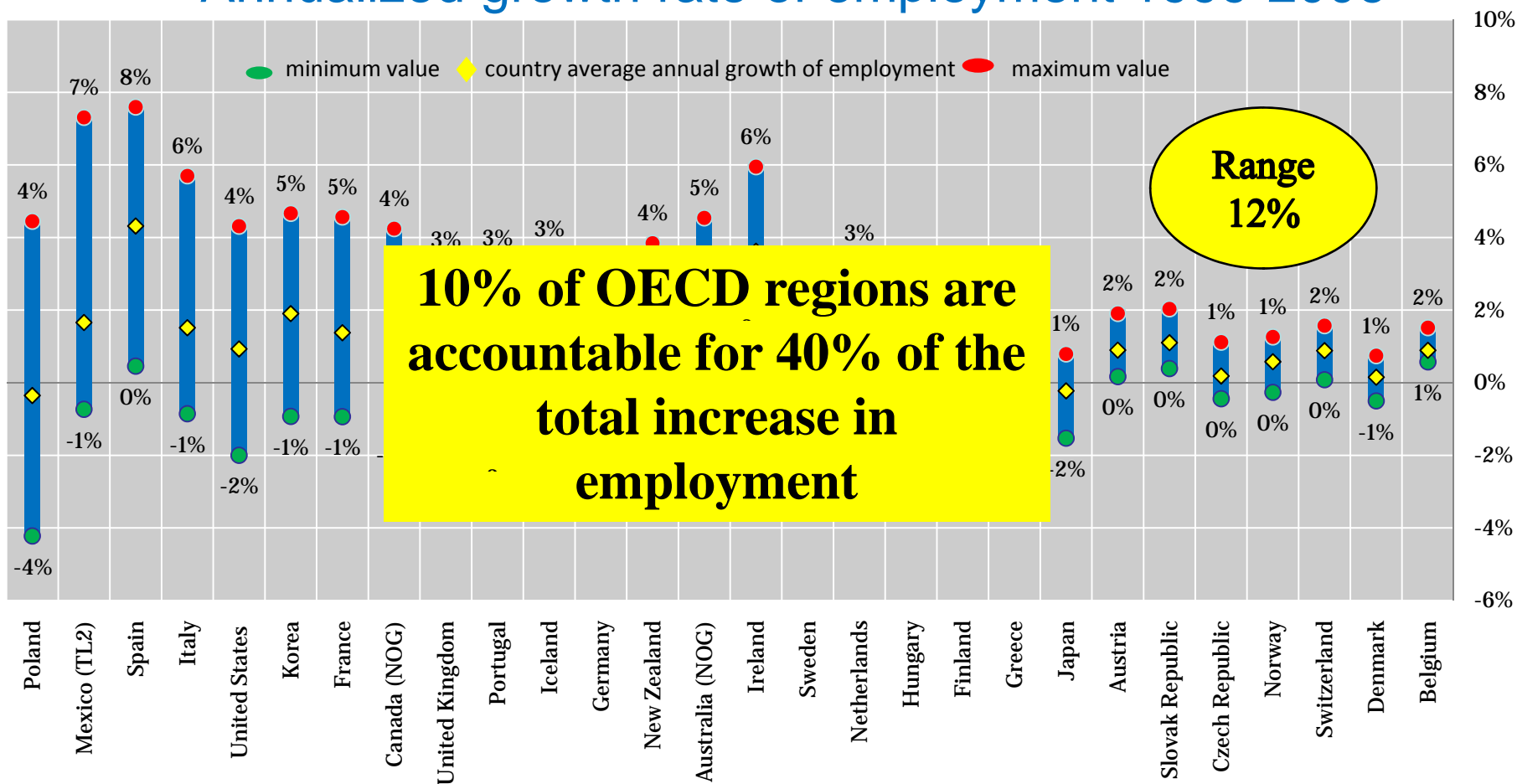
Annualized growth rate of employment 1999-2006



Source: OECD Regional database

# ...Differences among regions within countries were three times higher

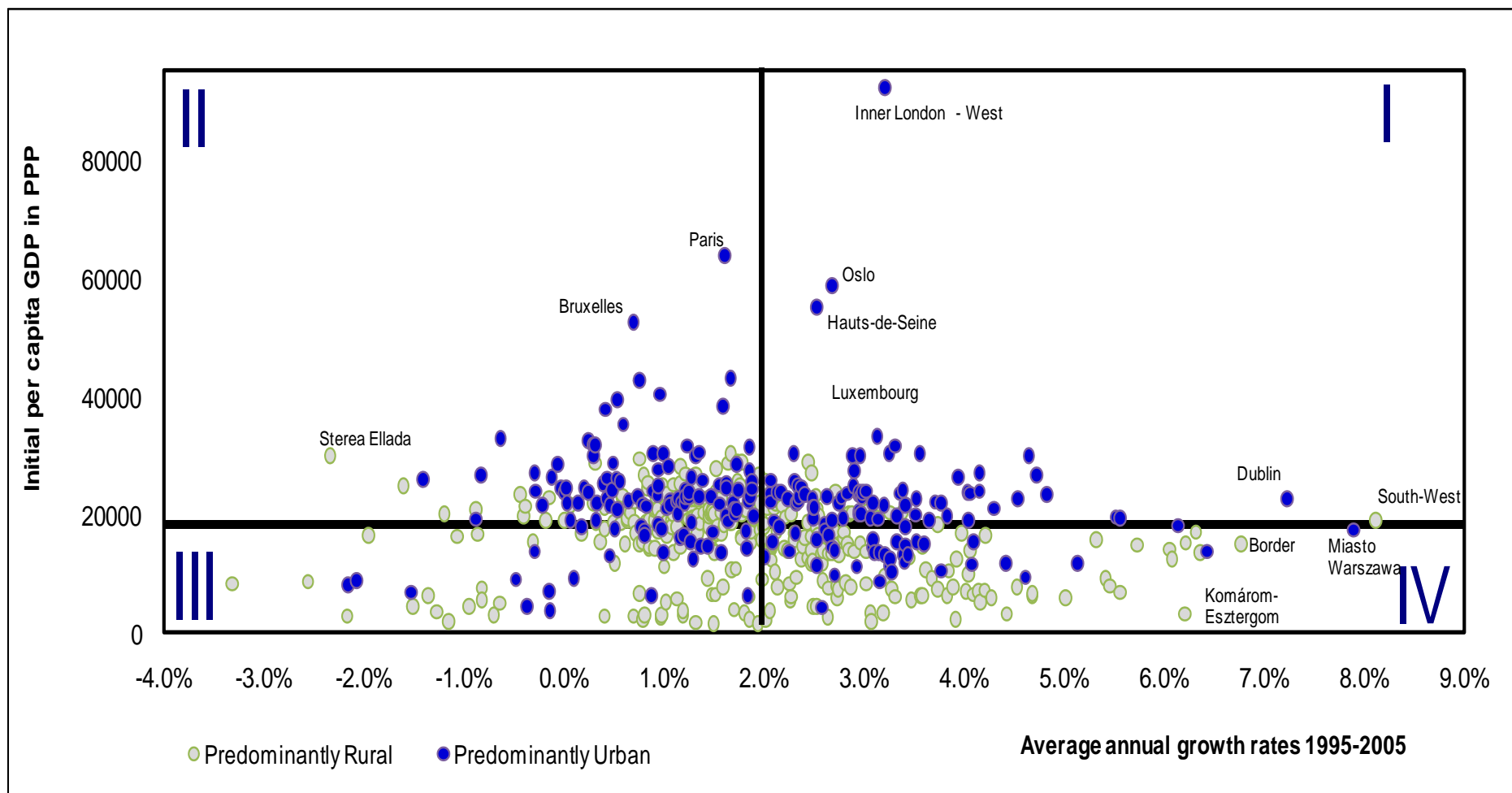
Annualized growth rate of employment 1999-2006



Source: OECD Regional database

- Disparities among OECD regions within the same country are still great
- In aggregate terms rural regions are lagging behind: GDP per capita in rural regions was 85% of OECD average over the past ten years
- At the same time, many rural regions displayed higher than OECD average growth rates in GDP and employment

# GDP level and growth rates in OECD regions



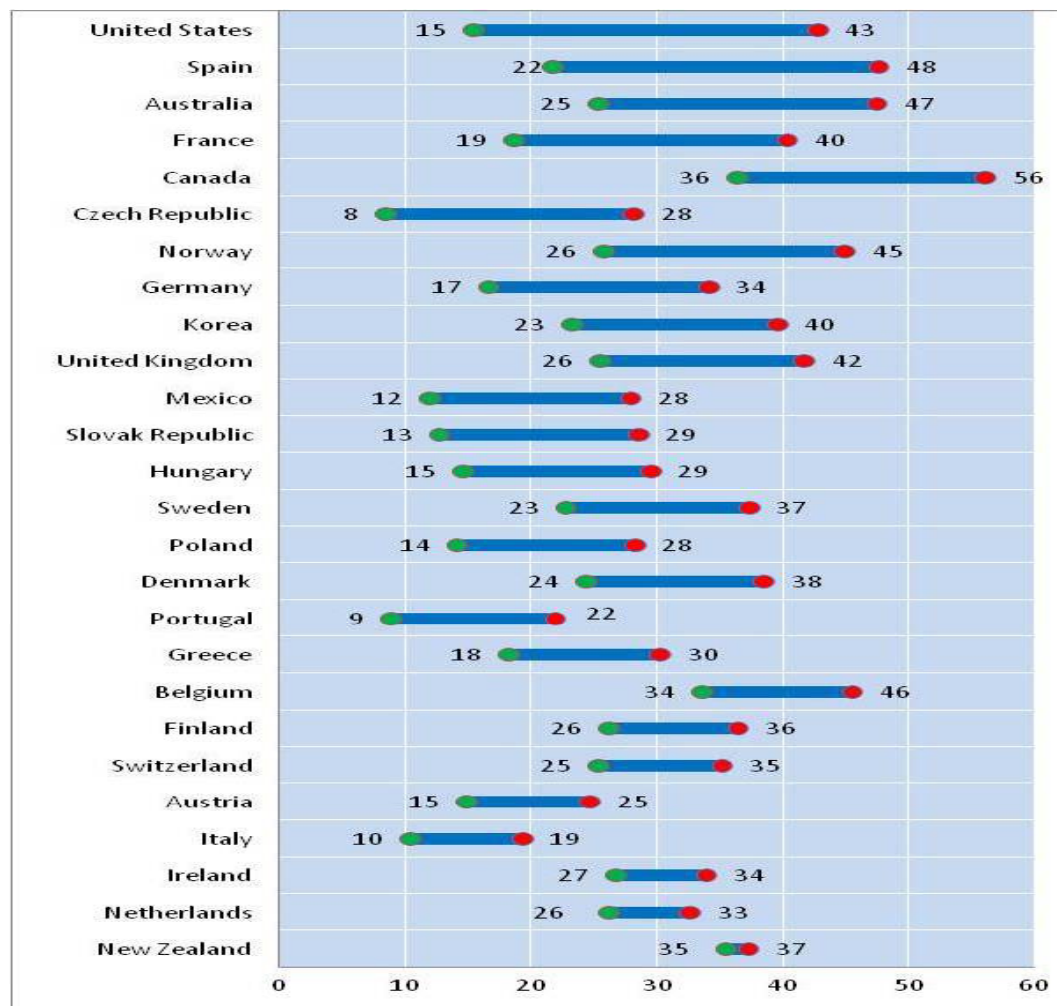
Source: OECD Regional database

- In aggregate terms urban regions performed better than the average (GDP per capita +23%)
- But concentration of economic activity does not always bring efficiency: about 20% of OECD metro-regions are less productive than their national averages
- Diseconomies of scale play an important role in agglomerated economy also in OECD countries



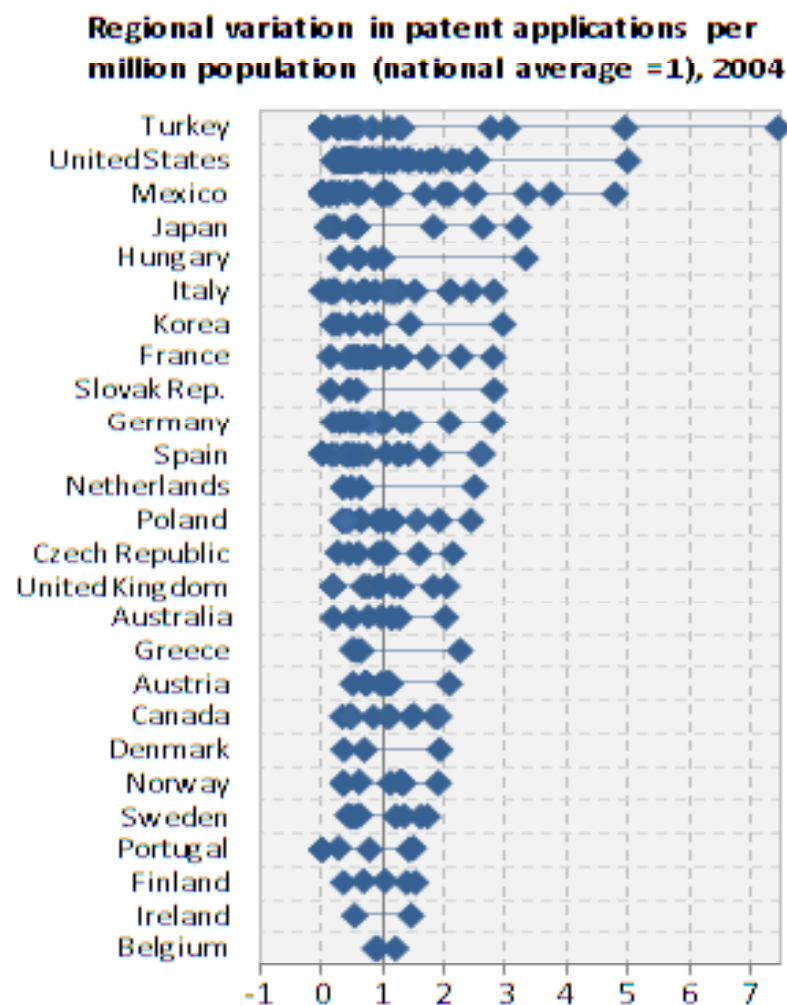
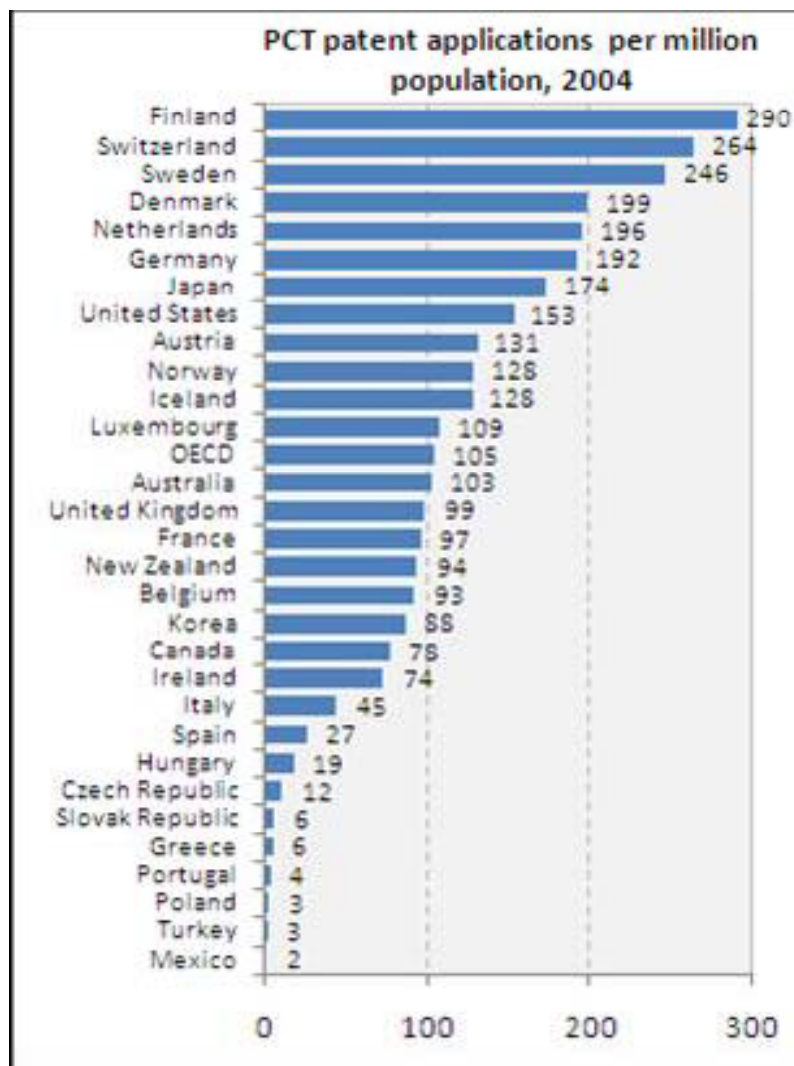
- Disparities among regions not only in terms of economic performance but also on education, availability of essential and competitive services
- Complementarities between equity and efficiency objectives: access to improved quality of public services will result in increased opportunity of growth
- Regional innovation performance can contribute to national innovation policy and regional economic growth

## Range of tertiary attainment rates across regions within each country; 2006 or latest year



Source: OECD Regional database

# Patent activities are concentrated within countries



Source: OECD Regional database



## OECD Territorial Development Policy Committee (TDPC)

- set up in 1999 as a forum for international exchange and debate on innovative regional development policy.
- Delegates are senior officials from OECD Ministries on Regional development policy and observers (Chile, Morocco, South Africa, Slovenia). It meets twice a year.
- Three working groups carry out the work:
  - Rural Working Party
  - Urban Working Party
  - Working Party on Territorial Indicators
- First high level meeting (Martigny, Switzerland 2003) helped in focusing the agenda for the following years
- Ministerial Meeting end of March 2009 (Paris, France)

## **TDPC Approach**

- Territorial reviews provide building blocks for further analysis and synthesis (country reviews, rural and urban reviews, regional innovation systems review).
- “Capstone” publications present key findings as a guiding framework to design regional policy in member countries.



## **TDPC Capstone Publications**

- **Building Competitive Regions: Strategies and Governance (2005)**
- **The New Rural Paradigm (2006)**
- **Competitive Cities in the Global Economy (2006)**
- **Competitive Regional Clusters: National Policy Approaches (2006)**
- **Regions at a Glance: 2005, 2007 editions; forthcoming 2009**

**<http://www.oecd.org/gov/regionaldevelopment>**

## Issues Guiding TDPC Agenda

- Better tools to diagnose a region's competitive advantage.
- Policy incentives and guidelines to sustain regional governance.
- New mechanisms to link innovation and regional development.