17th SESSION OF THE TERRITORIAL DEVELOPMENT POLICY COMMITTEE

PROVISIONAL ANNOTATED AGENDA

20-21 June 2007,
Palazzo Rospiglisi, via XXIV Maggio, 43, Rome, Italy

This Provisional Annotated Agenda is submitted to Delegates of the Territorial Development Policy Committee for APPROVAL at its 17th Session on 20-21 June 2007.

For enquiries regarding the Agenda for the 17th Session please contact: Suzanne Leprince, TDP Committee Secretary, e-mail: Suzanne-Nicola.Leprince@oecd.org; Tel.: 33 1 45 24 81 72

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TERRITORIAL DEVELOPMENT POLICY COMMITTEE (TDPC)

17th SESSION
20-21 June 2007, Palazzo Rospigliosi, via XXIV Maggio, 43, Rome Italy
Day 1, 9:30-18:00, day 2, 9:00-18:30

PROVISIONAL ANNOTATED AGENDA

20 June 2007
9:00 – 13:00   Morning Session
9:00 – 9:30   Welcome Coffee

SYMPOSIUM
Co-organised by TDPC and
The Department for Development Policies of the Ministry for Economic Development (Italy)

SETTING STANDARDS FOR LOCAL PUBLIC GOODS PROVISION:
CHALLENGES FOR REGIONAL DEVELOPMENT

9:30-10:00   Opening Statement:
Mr. Aart de Geus, Deputy Secretary-General of the OECD
Mr. Pier Luigi Bersani, Minister for Economic Development, Italy

10:00 - 11:15 Session I: Setting Standards for Public Goods Provision

11:15 - 12:30 Session II: Involving Local Stakeholders:
Collaborative Approaches to Setting Targets

12:30 - 13:00 Conclusions:
Mr. Mark Drabenstott (United States), TDPC Chair

13:00 – 15:00 Lunch

17th SESSION OF THE TERRITORIAL DEVELOPMENT POLICY COMMITTEE
PROVISIONAL ANNOTATED AGENDA

15:00 – 18:00 Afternoon Session

15:00-15:15 1. Adoption of the Agenda

15:15-16:15 2. Approval of the Summary Record of the 16th Session

16:15-17:15 3. Presentation by Chairs of TDPC and its Working Parties and Statement by the Director
### GLOBAL RELATIONS

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<td>15:00-</td>
<td>9. The Case of Norway</td>
<td>GOV/TDPC(2007)9,10</td>
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<td>16:15</td>
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<td>11. Other business</td>
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<td>Co-operation with Latin America on Regional Development</td>
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### THE IMPACT OF REGIONAL POLICY STRATEGIES

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<td>6. Roundtable on the Strategic Assessment of Regional Policy</td>
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<td>10:00-</td>
<td>7. Mexico Monitoring Review</td>
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<td>8. The Case of Luxembourg</td>
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### REGIONAL PERFORMANCE AND COMPETITIVENESS

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<td>4. Identifying the sources of economic growth in OECD regions: interim report</td>
<td>GOV/TDPC/TI(2007)1</td>
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<td>GOV/TDPC/TI/RD(2007)1</td>
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<td>17:30-</td>
<td>5. Globalisation and regional economies: the impact of policies to support regional specialisation and clusters</td>
<td>GOV/TDPC(2007)2,3</td>
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**21 June 2007, 9:00 – 13:00** **Morning Session**

**GLOBAL RELATIONS**

**THE IMPACT OF REGIONAL POLICY STRATEGIES**

**REGIONAL PERFORMANCE AND COMPETITIVENESS**

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**16:15–16:30** **Coffee break**
DOCUMENTS FOR INFORMATION


Conferences

- Outcome of OECD Rural Policy Conference: Innovative Rural Regions: The Role of Human Capital and Technology, Cáceres, Spain, 21-23 March 2007 [brochure available at the meeting]

Joint activity EDU/GOV

- Policies to enhance the role of higher education institutions in regional development: final report Joint EDU/GOV activity [COM/EDU/GOV(2007)1]

Working Party on Territorial Indicators – 14th Session, 18 June 2007

- Agenda [GOV/TDPC/TI/A(2007)1]

Working Party on Territorial Policy in Urban Areas – 9th Session, 19 June 2007

- Agenda [GOV/TDPC/URB/A(2007)1]

Metropolitan governance and competitiveness: synthesis of the discussion of 9th WPURB on:

17TH SESSION OF THE TERRITORIAL DEVELOPMENT POLICY COMMITTEE

ANNOTATIONS

SYMPOSIUM

Co-organised by TDPC and The Department for Development Policies of the Ministry for Economic Development (Italy)

SETTING STANDARDS FOR LOCAL PUBLIC GOODS PROVISION: CHALLENGES FOR REGIONAL DEVELOPMENT

PRELIMINARY DRAFT

Morning Session: 09:00 – 13:00
Welcome Coffee: 09:00 – 09:30

Introduction

1. In the last decade new development strategies have emerged in many OECD countries aimed at enhancing the growth potential of specific geographical areas. These policies focus on the provision of public goods that are critical to closing the regional output gap. Such public goods improve the local context where people live and firms operate and thus, boost competitiveness and citizens’ well-being. These new strategies are designed and implemented within a multilevel governance framework, accompanied by conditional granting systems, new methods of evaluation and monitoring, institutional capacity building and a higher level of involvement of economic and social partners.

2. Public goods play a critical role in boosting the economic competitiveness of regions. Public investment often supplies the broad framework that is the pre-condition for business investment. Public goods often take two forms. The first might be called “essential public services”. These services (e.g. education, child care and elderly assistance, health, public transport, water provision, waste management, network infrastructure such as roads, ICT, etc.) are the ones public policy officials often address first. The second ones refer to a category of public investments, which are attached to a given region’s economy, specifically targeting the exploitation of local opportunities for development. Both forms are important to regional competitiveness, but the issue of equitable provision of services (standards) is particularly important to “essential public services.”

3. For certain types of essential public goods standards throughout the country are generally set at the national level (often by the Constitution). Standards can be uniformly defined or might differ by region in order to take into account diverse starting conditions, resource availability, or policy objectives. In order to set and reach unique standards for each region, strong commitment of
4. These standards are often difficult to define and measure and, once established, they may not be financially sustainable. Standards can be defined in terms of the inputs used to deliver them (e.g. number of teachers). Standards can also be set in terms of quantifiable outputs, (e.g. number of hours taught) or even outcomes (e.g. referring to the same example, the level of education competencies). Among such “outcome” standards to be delivered, the quality of life as perceived by local stakeholders (firms, citizens) using these public goods generally goes unmeasured, while it often constitutes the very objective of public policies and acts to attract human talent and business investment. Thus, to the extent that citizens’ perceptions are affected by the local context (history and level of development of a territory), collaborative approaches involving the central government together with local authorities and local stakeholders are needed to invest in the appropriate public goods and to ensure that policy is accountable for delivering them effectively.

5. This Symposium will explore whether and how setting standards can be used to improve the local provision of public goods, and thereby enhance regional competitiveness and societal progress.

09:00-9:30  Welcome coffee

09:30-10:00  Opening statement:

Mr. Aart de Geus, Deputy Secretary-General of the OECD
Mr. Pier Luigi Bersani, Minister for Economic Development, Italy

10:00-11:15  Session I: Setting Standards for Public Goods Provision

Chair: (OECD Director or TDPC Delegate, tbc)

1. Are you setting standards for certain types of decentralised public goods provision in your country in order to guarantee the achievement of a set of policy objectives? What could be the impact on territorial competitiveness of setting standards throughout the country? To what extent are homogenous targets throughout the country more appropriate than territorially differentiated ones?

2. What are the pros and cons of different arrangements between levels of government for ensuring their commitment to the achievement of targets while supporting sub-national autonomy (i.e. participation in the definition, clear identification of roles and responsibilities, process revision of the targets, etc.)? Are there lessons from the experience of regional policy?

Key presentations:

United Kingdom (t.b.c. Department for Communities and Local Government)
Italy (t.b.c. Department for Development Policies, Ministry of Economic Development)

General debate
Session II: Involving Local Stakeholders: Collaborative Approaches to Setting Targets

Chair: (OECD Director or TDPC Delegate, tbc)

3. How can local knowledge be used for setting targets and to spur sub national governments accountability? How can citizens be involved in defining indicators? Are bottom-up approaches more/less useful for targeting difficult-to-measure aspects of public services, such as quality?

4. The OECD is planning to develop a global infrastructure (based on a web 2.0 platform) about the measurement of societal progress. What can be learned from this project about targeting difficult-to-measure aspects of public service delivery?

Key presentations:
Spain (Mr. José Manuel Rodriguez, Ministry of Public Administration)
OECD (Mr. Enrico Giovannini, Head of Statistics Directorate)

General debate

Conclusions:
Mr. Mark Drabenstott (United States), TDPC Chair
17TH SESSION OF THE TERRITORIAL DEVELOPMENT POLICY COMMITTEE

Item 2: Approval of the Summary Record of the 16th Session

➢ Action required: Approve the Summary Record of the 16th Session

Item 3: Presentation by Chairs of the TDPC and its Working Parties and Statement by the Director

1. The Chair will introduce the Agenda of the Committee’s 17th Session and report on the latest developments since its 16th Session.

2. The Working Party Chairs will provide a brief overview of the groups’ outputs, ongoing and future activities. Brief presentations will follow on the outcome of two recent OECD conferences: “Innovative Rural Regions: The Role of Human Capital and Technology”, Cáceres, Spain, 21-23 March 2007; and “What Policies for Globalising Cities? Rethinking the Urban Policy Agenda”, held on 29-30 March, in Madrid, Spain. Delegates will be invited to attend forthcoming conferences, which concern a metropolitan policy conference in Milan, hosted by the Province of Milan (Italy) in February 2008; and a rural policy conference, to be hosted by Germany in Spring 2008.

3. At the 9th Session of the Working Party on Territorial Policy in Urban Areas (WPURB) two metropolitan governance and competitiveness reviews were discussed and approved by the Working Party. They concern “The case of Madrid” and “The Case of Istanbul”. A brief presentation of the reviews and outcome of the Working Party discussions will be presented to the Committee.

4. There will be a brief overview of the joint work undertaken by the WPTI and WPURB on the “Definition and Measurement of Metropolitan regions”, based on the contributions of the participants in the International Workshop on the same issue held in Paris at the end of 2006.

5. Mrs. Odile Sallard, Director of the Public Governance and Territorial Development Directorate (GOV), will provide an update on the latest developments within GOV and the OECD overall.

➢ Action required: the views of the Committee will be sought. Delegates are invited to approve the WPURB reports on metropolitan governance and competitiveness: the case of Madrid, and the case of Istanbul.

Item 4: Identifying the Sources of Economic Growth in OECD Regions: Interim Report

6. The Secretariat will present the table of content and a partial draft of the report “The Source of Economic Growth in OECD Regions”. The report would consist of two parts. The first part presents a statistical analysis of the factors accounting for regional growth, based on the methodology developed by the WPTI. The main factors considered would be: country performances, productivity, industry specialization, employment, labour force, migration and population.

7. The second part aims to assess the impact of regional policies on growth. The assessment would be based on a series of case studies on the fast growing regions identified in part 1 of the report. In particular, these case studies would look at whether the main factors accounting for high growth in a region (e.g.: increase in labour productivity) can be ascribed to specific policies measures implemented by the region (e.g.: innovation policies).

➢ Action required: for discussion and decision on further steps
Item 5: Globalisation and Regional Economies: The Impact of Policies to Support Regional Specialisation and Clusters (analytical report)

8. With regional economies transforming rapidly in an increasingly global system of production, what can regions do to seize the best opportunities? To answer that question, this paper explores first how OECD regional economies are changing. It then clarifies how the drivers of globalisation are influencing these regional economic changes. Drawing on sector studies and four case studies in each of three sectors (ICT, biotech and automotive) the report then assesses what regions are doing to respond to these changes. The recommendations flowing from this research concern the tools to understand regional economic assets and how the value of those assets might be evolving, the instruments that can be used to strengthen them (both firm specific and regional environment based attributes), the importance of the regional innovation system and industry or cluster-specific support, and how a consensus on the right strategy for the region can be developed and implemented. This project was co-sponsored by Nutek, the Swedish Agency for Economic and Regional Growth, which hosted a conference in Stockholm (May 31-June 1), entitled Global Challenges/Regional Strategies, to discuss the results of this project.

➢ Action required: for discussion and approval

Item 6: Roundtable on the Strategic Assessment of Regional Policy

9. This note is intended to launch a process of discussion and possibly analytical work within the Committee on the achievements of regional policy reform across the OECD, and how the TDPC can reinforce its role as the key international forum on regional policy. It raises fundamental issues about the relevance of regional policy for enhancing growth and development. In a roundtable discussion, delegates are invited to reflect on the recent evolution of regional policy in their country, notably the reality of the implementation of the paradigm shift, the political economy of regional policy reforms, and the impact of “new” regional policy.

➢ Action required: for discussion and decision on further steps

Item 7: Monitoring Review of Mexico

10. The Secretariat will present highlights of the Territorial Monitoring Review of Mexico conducted during the fall of 2006. This Review assessed the progress made by Mexico since the first Territorial Review in 2002 by examining the coherence of current institutional arrangements for delivering place-based policies, the challenges and opportunities facing rural areas, and the unique needs of Mexico's urban areas. The presentation will emphasize the OECD's analytic approach to assessing governance issues and related findings.

➢ Action required: for discussion and approval

Item 8: The Case of Luxembourg

11. The Review will be introduced by representatives from the Luxembourger authorities. The Secretariat will briefly present the review, followed by an intervention by peer reviewer, Mr. Rudolf Schiess (Switzerland). The Review of Luxembourg focuses on key issues that are interlinked: regional development policy, particularly in the dimensions of housing and transportation; territorial and administrative reform. Concerning regional development policy, recent initiatives aim to better manage increasing cross-border flows of workers that sustain the Luxembourg economy but pose a threat to the environment while contributing to congestion in the capital city area and preventing balanced territorial development (too many activities concentrated in one part of the country). This policy raises the issue of cross-border co-operation with regions in Belgium, France and Germany that is developing but not necessarily at the scale of today's challenges. Regional policy targets an integrated approach in these matters: building new housing and improving/increasing public transportation so as to slow down (increase
of) commuting, both cross-border and domestic. It is coupled with future administrative and territorial reform strengthening regions and introducing an urban hierarchy to develop the role of regional hubs, but these efforts need to meet with a strong tradition of municipal autonomy.

Action required: for discussion and approval

Item 9: The Case of Norway

12. The OECD Territorial Review of Norway will be introduced by the Norwegian authorities (Mr. Geir Pollestad, Political advisor, Mr. Jan Sandal, Director General, Mr. Pål Erik Holte, Deputy Director General, and Mrs. Birgitte Sem, Senior Advisor). Following a brief presentation by the OECD Secretariat, peer reviewers, Johanne Béchard (Canada), and Veijo Kavonius (Finland) will comment on the report. The review of Norway focuses on the evolution of regional policy in Norway with emphasis on support to remote, peripheral and lagging areas, on regional competitiveness, clusters and innovation and lastly on the issues of public service delivery in areas with population decline. The context is one of regional reform since the number of counties (regions) could be reduced within a few years and their powers will be increased. Regional policies in Norway are complex and include many tools aiming to compensate distance, remoteness and low population density: tax breaks, grants calculated on a mix of indicators. Enhancing regional competitiveness is pursued mostly through top-down policies adapted to each regional context by discussions between the county and central agencies with regional representations. Innovation and cluster policies are encouraged at all scales, including those where small local firms have scant (national, international) market access. Urban policy is nascent and efforts at innovation in Oslo are mostly private sector inspired, contrary to what occurs in most other parts of the country. Lastly, compensation for higher costs of public services in certain areas is the main tool used to upkeep service delivery even in areas of population decline.

Action required: for discussion and approval

Item 10: Global Relations

Building Blocks and Guiding Elements for Public Governance and Management in Global Relations

13. Delegates are invited to discuss the paper on "Building Blocks and Guiding Elements for Public Governance and Management in Global Relations " [GOV/PGC/(2007)3] , within the framework of the new OECD framework for enhanced engagement. This document was recently discussed by the Public Governance Committee. It suggests that there is value-added in collecting experiences from public governance activities into an overall framework of guiding elements, which could serve as a benchmark for policy dialogue in the Committee’s global relations. The Committee is invited to reflect on guiding elements instrument to TDPC.

Action required: for information and discussion

Co-operation with Latin America on Regional Development

• Chile

14. At its 16th Session the TDPC approved Chile’s request for observer status and provided a technical opinion to the OECD Council, which formally approved the application in March 2007. Ms. Claudia Serrano Madrid, Under-Secretary of State, Regional and Administrative Development, Ministry of the Interior, Government of Chile, will present regional policy developments in Chile and describe current challenges and development strategies. Ongoing co-operation with TDPC concerns, in particular, the Territorial Review of Chile.

Action required: for information
• Yucatán

15. The “Territorial Review of Yucatán” will be introduced by the Mexican authorities (names to be confirmed). Following a brief presentation by the OECD Secretariat, peer reviewers: Bruce Gadd (New Zealand), and Massimo Bressan (Italy) will comment on the review. Yucatán is a lagging yet fast-growing region in Southern Mexico. The review of Yucatán provides the opportunity to explore policies that have led to such dynamism and entail the process of convergence experienced in OECD regions. However, many of the challenges of lagging regions such as poor governance, lack of municipal co-operation, environmental threats, poverty and marginalisation, as well as lack of credit and a large informal economy are evident in Yucatán hampering future growth.

➢ Action required: for discussion and approval

Co-operation with China on Regional Development

• Analytical Report

16. The reforms adopted since 1979 have led to a spectacular take-off of the Chinese economy, and to an efficient reduction of poverty. But growing spatial and income disparities, and emerging related tensions, have become a major concern for Chinese policy-makers. For the past decade, these have been exploring how public action can curb spatial disparities, while at the same time maintaining a strong growth dynamic. As reiterated in the text of the 11th five-year plan, Chinese authorities are committed to promote a more balanced regional development.

17. This paper contributes to TDPC’s programme of collaboration with China, which aims at sharing with China the body of knowledge and policy practices that TDPC has developed with regard to territorial policies and competitiveness, as well as at better understanding the territorial dynamics of development in China and the challenges facing Chinese policy-makers in terms of regional development (see GOV/TDPC/RD(2006)11). This report will contribute to a 2008 publication called "Territorial Development in China: Trends and Policy Challenges". It builds on the paper presented at TDPC in June 2006 (GOV/TDPC(2006)3) and develops two aspects of China's public action for regional development. It first describes the three big regional development initiatives adopted successively since 2000 (the Western Development Strategy, the Northeast Rejuvenation Strategy and the newly adopted strategy to promote the central region). The paper then provides landmarks on China's multilevel governance system, in perspective with regional development.

➢ Action required: for discussion and approval

• Rural China: Trends and Policy Challenges

18. The Secretariat will provide a brief overview on the forthcoming project on Rural China: Trends and Policy Challenges.

➢ Action required: for information