



## Declaration on Policies for Building Better Futures for Regions, Cities and Rural Areas

Athens | 20 March 2019

**WE, THE MINISTERS AND REPRESENTATIVES** of Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Morocco, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, and United States met in Athens on 19-20 March 2019 in the context of the meeting of the OECD Regional Development Policy Committee (RDPC) at Ministerial level to discuss the future of regional development policies in the face of global forces that are reshaping our economies, societies and environments.

### CONSIDERING that

**The year 2019 marks the 20<sup>th</sup> anniversary of the RDPC, the premier international forum for high-level regional development policymakers.** This anniversary is a milestone to highlight the importance of regional policy as a lever for economic growth, social inclusion and sustainability.

**Our economies, societies, jobs and environment are being changed in profound ways by a number of megatrends.** They include globalisation; rapid technological innovation; digitalisation; demographic change, including migration and population ageing as well as ongoing urbanisation and the growth of megacities; and environmental challenges including climate change, clean air, clean water and resource scarcity.

**Many of these megatrends bring significant opportunities to enhance well-being and boost productivity and employment across regions and communities.** Cities are well placed to make the most of these changes, particularly those related to globalisation and technological change, thanks to the benefits of agglomeration for productivity and innovation. Rural areas can also benefit, as they have resources necessary for sustainable development, and new and emerging technologies transform how they access markets and services, innovate, and produce energy and goods.

**These megatrends are also generating uncertainty and potentially important trade-offs between economic, social and environmental objectives that are difficult to address with place-blind policies.** Place-sensitive policies recognise the differential impact on different types of places and geographies, in light of differences in social capital, resources available, industrial structure, as well as territorial and administrative organisation.

**Globalisation and technological change have helped to improve average living standards across OECD countries, but not all places have benefited to the same degree.** Economic divides within and across regions are persistent in most OECD countries, and productivity growth continues to be highly geographically concentrated. The future of work will also hit regions differently, with significant variations in impacts related to automation, the global distribution of production, and digitalisation given differences in industrial structure and skills.

**Inequality challenges remain in both urban and rural settings.** Cities, especially large metropolitan areas, have continued to boost productivity as well as attract people, along with the rural areas close to them. However, high rates of inequalities and pockets of concentrated deprivation in particular neighbourhoods continue to plague many cities. Other places, especially in remote rural areas, have struggled, due to their less diversified economic base. In some cases, the cost of distance, demographic challenges associated with outmigration and ageing, and less access to digital infrastructure, public and commercial services as well as transport services are additional barriers.

**There is increasing evidence that these economic disparities may contribute to social and political divides in many countries.** Policy will play a crucial role in determining whether megatrends will expand the geography of opportunities, or deepen the geographies of discontent. Relying on compensatory policies alone will not be sufficient to address regional inequalities. While reductions in institutional barriers to economic mobility also remain important, they need to be complemented by more place-sensitive and integrated policy solutions that respond to the opportunities and challenges, particularly for those places left behind and for the people who live in them.

**Other megatrends in terms of demographic changes and environmental considerations will also influence the regional divides and put pressure on budgets across levels of government.** Ageing, migration and urbanisation will bring additional pressure for public infrastructure and service delivery as well as access to housing and jobs. Some regions are growing while others are shrinking. Stimulating economic growth while addressing environmental issues such as climate change, air and water pollution, resource efficiency, and biodiversity loss will also demand urgent attention at all levels of government, particularly as many of the responses depend on local and regional action. Policy coherence across levels of government is crucial to support and promote approaches that further environmental and economic growth goals.

**UNDERLINE that**

**Regional development strategies, elaborated at different levels of government, are essential for addressing inequalities across places and people.** They can revive the engines of productivity growth and enhance well-being, particularly in lagging places, be they rural areas or distressed urban neighbourhoods. They are also critical tools for overcoming potential trade-offs and identifying synergies between social, economic and environmental objectives. Thus, they are an essential part of a national structural policy package.

**Regional development policies should empower and strengthen the capacities of all regions and subnational governments to make the best use of their full potential, taking into account their different development paths.** Policies should help places look inward to leverage their specific niches and drivers of productivity, well-being, and environmental

sustainability. Policies also need to encourage places to look outward to strengthen linkages with neighbouring areas (whether urban, rural or intermediate) in order to share knowledge, innovations, amenities and resources. Outward-looking policies for regions should also promote sound approaches to trade and foreign direct investment, amongst other linkages, with foreign partners.

**National governments should support coherence among place-based policies by working in co-ordination with other subnational authorities.** An important step in this direction is the *Recommendation of the OECD Council on Effective Public Investment Across Levels of Government*, which focuses on co-ordination within and across levels of government, government capacities (particularly subnational), and framework conditions for public investment.

**More remains to be done to integrate a place-based and multi-level governance lens across other policy domains important for regional development.** Such policy domains include: economic development, land use, housing, innovation, transport, environment, logistics, infrastructure, migration, public finance, digitalisation, agriculture, water, energy, health, education, labour and tourism. Robust databases of subnational indicators and spatially differentiated analyses are essential to understanding the place-based dimensions of these issues.

Regional development policies depend on national priorities and circumstances and are not simply the preserve of central governments, but encompass all levels of government, where different mandates and levels of autonomy apply depending on national constitutional, legal and institutional frameworks.

## **DECLARE that**

**Regional policies have a key role to play in building better futures for regions, cities and rural areas, and the people who live there, including through greater anticipation of megatrends.** To this end, we, the Adherents, endeavour to

- Advance a growth model that enhances well-being for all people and places, and fosters sustainable and inclusive development, so as to
  - Support our long-term strategic planning and foresight activities that account for the regional dimensions of demographic change, environmental challenges, climate change and other megatrends, and integrate them with public investment decisions.
  - Prepare workers and jobseekers for the jobs of the future through appropriate education and training opportunities adapted to the local and regional needs and context, including expanded life-long learning opportunities and support schemes for workers in transition.
  - Leverage big data analytics, the internet of things, civic technology, virtual reality, artificial intelligence and innovations in service delivery at the subnational level to improve the quality of and access to key public services, including transport, education and health, especially in rural areas or distressed urban neighbourhoods; as well as to improve the management of water, energy and other resources, taking into account data privacy standards.

- Use the Sustainable Development Goals (SDGs), in line with Adherents' respective international commitments, as a framework for rethinking sustainability and inclusion at the national and local level, shaping regional development strategies and budgets, and supporting local communities to adapt to climate change and other impacts of megatrends.
- Support more sustainable production and consumption patterns and transitions to low-emissions economic growth in urban and rural areas, including through the circular economy.
- Foster regional development approaches that leverage the contributions of all populations, including migrants, the elderly, young people, women, indigenous populations, people with disabilities and traditionally underrepresented groups, and respond to their specific needs, as appropriate in national contexts.
- Connect all places to the global economy, by promoting the digitalisation of the economy and building regional ecosystems that
  - Address both the divides in access to digital infrastructure, and the skills gaps for workers, entrepreneurs and firms, in particular SMEs.
  - Enable places to identify and exploit their competitive advantages at a global scale, with a focus on strengthening economic activity in tradable sectors, and services.
  - Link cities and rural areas to support sharing of knowledge, innovation, resources and amenities, and enhance well-being for all residents, leveraging complementarities and valorising regional diversity.
  - Encourage an expanded scope for innovation policy to enhance economic performance, social conditions, and sustainability in all types of regions, particularly to leverage the opportunities that digitalisation can bring to both urban and rural areas.
- Encourage the adoption of innovative multi-level governance and finance tools to address the impact of megatrends so as to
  - Develop adaptive governance systems that can respond to the different capacities of subnational governments, improve the functioning of decentralisation arrangements, strengthen governance, including in metropolitan areas and urban-rural partnerships, and mobilise public engagement, social partners, and other actors active in regional development.
  - Strengthen institutional, financial, strategic and managerial capacities of regions and cities to address megatrends as well as transversal policy issues, including for example economic development, public service delivery, land use governance and spatial planning.
  - Support quality infrastructure investment by better exploiting existing and potential public and private sources of investment and by better targeting public investment to ensure balanced development across territories through integrated investment strategies at the relevant territorial scale.
  - Leverage digital tools that can help subnational governments achieve more effective taxation systems, public procurement, simplified regulations and

procedures, open government, and enhance accessibility of services, among other benefits.

- Develop innovative and experimental governance approaches such as pilot tests in regions, cities, and rural areas and effective use of performance monitoring and evaluation to embed learning-by-doing into policy design.
- Ensure in all regions effective public and stakeholder engagement in policy design, implementation and evaluation to improve the quality of policymaking, thus strengthening trust in all levels of government.

## WELCOME

**The OECD Principles on Urban Policy and the OECD Principles on Rural Policy, as key tools for countries to use for designing, implementing and monitoring policies in each of these areas.** They also serve to assess the urban-rural continuum as well as support linkages and co-operation between urban and rural areas. These Principles consolidate the accumulated policy expertise developed by the RDPC and its Working Parties on Urban Policy and on Rural Policy over the past 20 years, and set a path for guiding more inclusive and sustainable growth in the face of global megatrends. In this regard, we invite the RDPC to consider the possibility of transforming these Principles into an OECD Recommendation.

## CALL ON

The OECD, notably through the RDPC and its Working Party on Urban Policy, Working Party on Rural Policy, and Working Party on Territorial Indicators, taking into account the available resources, to

- **Continue to develop robust data and analysis for regional policy design and evaluation;** further harmonise international definitions of territorial typologies, such as the definition of cities globally, in coordination with other international organisations; expand the range of indicators and types of analysis, notably by leveraging big data and other new sources of evidence, including cluster analysis, to support countries in collecting and analysing more timely and geographically disaggregated information to complement existing official statistics; and take into account data privacy standards.
- **Provide evidence-based policy recommendations that align with the priorities of OECD countries on regional development and that integrate a place-based lens transversally across sectoral policies,** particularly housing, transport, infrastructure, education, labour, innovation, migration, and tourism.
- **Encourage the RDPC to work with other OECD Committees on cross-cutting issues relevant to regional policy and to bring a place-based lens to other policy domains.**
- **Promote international exchange, dialogue, and enhanced collaboration among all levels of government and engage other key stakeholders,** including from the private sector, financial institutions, social partners, and citizens, in discussions around regional development, including on locally identified priorities and the best use of resources for optimal outcomes.
- **Continue the exchange between Members, Non-Members, and international institutions** to share and disseminate innovative approaches and best practices in

regional development policy and multi-level governance, and to inform co-operation between Adherents on those international instruments they are implementing such as the United Nations Sustainable Development Goals, the New Urban Agenda and the Paris Agreement.