



Launch of the OECD Regions at a Glance at the Committee of the Regions

**Current and future challenges for European regions
and cities**

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Brussels, Belgium 16 June

(As prepared for delivery)

Welcome Remarks

- Dear President Markkula, Ladies and Gentlemen,
- Thank you for the invitation to intervene at the **Committee of Regions Plenary Session** to discuss the challenges for local and regional authorities and their contribution to national prosperity, and in particular to present our OECD publication **Regions at a Glance 2016**.
- This is our 6th edition of Regions at a Glance, which presents for the first time a comprehensive picture of well-being in all OECD regions and also new indicators on how competencies are allocated and co-ordinated across levels of governments.
- Past editions have delivered new indicators on metropolitan areas (2013) regional competitiveness (2011) and regional innovation (2009).

Current and future challenges for regions and cities

- We have been reminded in recent months just how small and connected our troubled world has become: the refugee crisis, climate change, international terrorism, rising inequalities, and the heavy legacy of the economic crisis on jobs... But even as the effects of globalization spread, its impacts are always bound to play out locally.
- For policy makers and citizens alike, thinking globally increasingly requires us to look hard at the many different local realities within and across countries that otherwise remain hidden behind national averages. Our data show that disparities in people's living conditions between regions and cities - including those in the same country - are remarkably high.
- But the story is not of unrelenting gloom.
- Regions and cities are already at the heart of innovative solutions of the most pressing challenges and will have an important role to play in pursuing global agendas such as EU2020 and the sustainable development goals (SDGs).

- Top-down, one-size-fits-all approaches cannot work for today's challenges and solutions will increasingly come from local and central leaders acting together and engaging citizens and the private sector.
- In my presentation, I'd like to consider **three aspects that are critical to regional and local contributions** to the implementation of these global agendas:
 1. **Firstly, considering a full dashboard of indicators that matter for well-being**, including but not limited to economic prosperity, and **that look beyond national averages.**
 2. **Secondly**, the need to **engage new stakeholders at all levels of government**; and
 3. **Thirdly**, the importance of **improving governance at all levels** to steer and manage the delivery of public policies for inclusive growth.
- This is the focus of the OECD publication **Regions at a Glance 2016** we are launching here today, which provides data and evidence to illustrate these aspects.

Geography matters for well-being

- Regions are generators of well-being through access to quality services and infrastructure, improving labour market conditions, connecting houses to jobs, fighting poverty and social exclusion, and creating inclusive institutions.
- Our report **Regions at a Glance 2016** delivers a comprehensive picture in this respect. It measures **395 regions in 34 countries on 11 well-being dimensions**, those that shape people's material conditions (income, jobs and housing), their quality of life (health, education, access to services, environment, safety, civic engagement and governance) and, for the first time, citizens' self-evaluation of social support network and life satisfaction.

- I invite you to visit the interactive website ***How's life where you are*** (www.oecdregionalwellbeing.org) – which has been just updated - where you can compare how your region fares among all the OECD regions, in which areas progress has been made, and what the main weaknesses are.

Indicators, data and what they tell us about regional disparities

- **So to start off with, what does this data tell us?**
- Gaps between regions keep growing not only in GDP per capita but also in disposable income, safety and air pollution, while gaps have decreased in education and broadband connection.
- When we consider together income, jobs and health outcomes we find that regional disparities are consistently starker than those in disposable income only.
- **As you can see on in Graph 1**, in Belgium, Germany, Italy, the Netherlands, Slovenia, the Slovak Republic and Spain the regional difference in income, jobs and health together is at least twice the regional difference in just income.
- It means that well-being outcomes “**compound**” in space, and policies that tackle the different dimensions of well-being can have a positive impact on economic prosperity.
- Moreover, **as shown in Graph 2**, inequalities are large not only between regions, but also within regions. For example, the income inequality in the region of Andalusia (Spain) is close to the level of Australia, while income inequality in Navarra is close to that of Sweden.¹
- Beyond income, there is a **20-year gap in life expectancy between neighbourhoods in London**; this is more than **twice the 8-year gap among OECD countries**.

¹ Gini index Andalusia = 0.34 and Navarra = 0.29 (year 2014). Gini index Australia = 0.34 and Sweden 0.28. Please note that the Gini indices of Ceuta and Melilla are above 0.38 but being very small regions we preferred not to include them.

- Since the economic crisis of 2008, many regions are still struggling to increase the productivity of firms and people.
- They are also struggling to restore employment. Here again, disparities between regions are stark. **As shown in Graph 3**, there is a 20 percentage point difference between regional unemployment rates in Italy, Turkey and Spain. This is comparable to the gap between the national unemployment rate of Greece and that of Norway.
- Traditionally relatively few regions have led national job creation.
- On average, regions that concentrated 20% of OECD employment in 2000 have created **one-third of the overall employment growth in the period 2000-14** and 50% or more in the **Czech Republic, Estonia, Hungary, Korea and Poland**.
- But even before the economic crisis, global productivity has been sluggish and economic growth is projected to remain low.² Our analysis shows that economic growth is very concentrated in a few regions, a majority of them large metropolitan areas.
- But economic growth can also restart from the **catching-up of many small regions**. These face different challenges to raise productivity.
- To begin with, the **ageing and demographic change** has an enormous economic, social and fiscal impact.
- In the past 15 years, the elderly population in OECD countries has increased more than **5 times as much as the rest of the population**.
- **This is particularly a rural problem, as is illustrated by Graph 4.**
- In 2014, the elderly dependency rate was higher **in rural than in urban regions in 26 out of 33 OECD countries**. And rural regions lost on average 11 people per 10 000 population through domestic migration between 2011 and 2013.
- We need to find innovative local solutions on housing, mobility, environment or health.

² Productivity growth in the OECD area has been below 0.5% in the period 2000-13.

- In a nutshell, productivity in regions and cities is directly connected with **aspects that have a strong impact on people's well-being**.
- The forthcoming publication **OECD Regional Outlook (October 2016)** will provide further evidence on regional productivity dynamics and how to help regions "catch up".

Fostering citizen engagement through regional and local leadership

- Secondly, **many stakeholders need to be engaged, including the people living in the world's cities**, in order to realise the full potential of each country and deliver on strategic global objectives.
- Metropolitan areas, home to about half of the OECD population, are critical to the economic prosperity of countries, contributing to 62% of GDP growth of the OECD area in the period 2000-13.
- But they also host great inequality in the quality of goods and services provided, and the opportunities for their citizens.
- In 2014, **53% of the OECD urban population was exposed to levels of air pollution** higher than those recommended by the World Health Organisation. If unchecked, these disparities will grow as urbanisation continues in OECD countries.
- **Local governments can also play a major role** in federating different constituencies around common policy objectives, taking a holistic approach to enhancing the complementarity between policy sectors and ensure that cities are inclusive, sustainable and safe.
- Having data and sharing knowledge will help mobilise citizens to a larger extent, as recently stated in the EU "Pact of Amsterdam".³
- **Well-being indicators can help rally behind strategic objectives.**

³ Establishing the Urban Agenda for the EU 'Pact of Amsterdam'. Agreed at the Informal Meeting of EU Ministers Responsible for Urban Matters on 30 May 2016 in Amsterdam, The Netherlands

- Many regional and local authorities are already using them to engage a broad spectrum of stakeholders (civil society, private sector, research institutions) to identify local priorities, target what is most important for a community, and monitor results.
- Regions and cities' policies to address pressing challenges in an integrated manner can "trickle up" to inform national policies or global best practice.
- The OECD is documenting cities and regions' contribution to inclusive growth. Meaning, economic growth that creates opportunity for all segments of the population.
- We will discuss these results in November in Paris, where mayors from around the world will participate at the second **Inclusive Growth in Cities Campaign meeting** to increase awareness of rising inequalities and empower local governments as leaders in the transition towards more inclusive growth.

Governance to deliver global agendas

- **Finally and thirdly, good governance is needed.** The challenge going forward is to ensure that all levels of governments are implicated in implementing **better policies for better lives.**
- Regional and local governments control many policy levers for promoting prosperity and well-being, as they carry out around **40% of total public spending in the OECD area and 60% of public investment.**
- **As you can see in Graph 5,** the bulk of this spending, more than 70%, goes to education, health, economic affairs and social expenditure.
- However, local governments operate in a **climate of finance consolidation and cuts in investment.**
- Subnational government investment has decreased by -3.7% in the OECD area between 2007 and 2014. It contracted sharply in Ireland, Iceland, Turkey, Spain and Greece. Also subnational government can't operate alone.

- **Regions at a Glance** documents show how spending responsibilities are shared across national and subnational governments.
- **I would now like to direct your attention to Graph 6.** This shows data from a survey to European regional and local authorities, carried out by the OECD and the Committee of Regions in 2015.
- It underscores that the top challenges for infrastructure investment at the subnational level are:
 - Excessive administrative procedures and red tape
 - Lengthy procurement procedures
 - Lack of a long-term strategy at the central level; and
 - The lack of coordination across sectors and levels of governments.

Concluding Remarks

- Ladies and Gentlemen, rather than being intimidated by the size of the tasks at hand, we need to take action.
- **Regions at a Glance** provides us with the evidence and tools to do just that.
- Improving governance at all levels to deliver public policies for inclusive growth is essential to support businesses that create jobs, equip young people with the skills and provide access to health, education and social services
- **No matter where people live.**
- These are shared agendas between the OECD and the Committee of the Regions.
- Our **Memorandum of Understanding (MoU) signed in 2015**, can help us working together to promote better policies for better lives. Let's start by using the insights from the Regions at a Glance to build a better future for all.
- Thank you.