Discover the CFE
The OECD Centre for Entrepreneurship, SMEs, Regions and Cities
About the OECD

Together, we create better policies for better lives

Who we are
The Organisation for Economic Co-operation and Development (OECD) is an international organisation that works to build better policies for better lives. Our goal is to shape policies that foster prosperity, equality, opportunity and well-being for all. We draw on 60 years of experience and insights to better prepare the world of tomorrow.

What we do: shape #BetterLives
This is a glimpse of how we help countries forge a path towards better lives while saving billions of dollars for taxpayers and boosting prospects for stronger, fairer and cleaner economies and societies.

How we can work together
We collaborate daily with representatives from governments, parliaments, international organisations, business and labour, civil society, as well as citizens from across the globe. The OECD needs your views. Whether by attending an event, using our analysis or joining a public consultation, there are many ways for you to engage with us.
Welcome to the CFE: The OECD Centre for Entrepreneurship, SMEs, Regions and Cities

Our entrepreneurs, SMEs, regions and cities shape our lives and our livelihoods. They are a continuous force for innovation, renewal, and social progress, and can play a key role in driving growth, building resilience and meeting global challenges such as the digital and green transitions.

The CFE aims to inspire and shape the policies they need to do so. We support policy makers to unlock the potential of the OECD's 40 million SMEs and 35 million missing entrepreneurs. We work at national and local level to provide practical guidance to improve the effectiveness of the USD 10 trillion spent annually on improving outcomes for the OECD's thousands of diverse cities and regions. We also work to promote better policies to enable the tourism, cultural and creative sectors and the social economy to thrive.

The CFE relies on a diverse team of talented experts, including policy analysts, economists and statisticians to provide unique granular insights, recommendations, data, comparative analysis as well as a repository of international best practice on these core themes. Our bespoke reports, peer reviews, policy dialogues and capacity building sessions for national and subnational governments increase our impact, helping provide OECD Member and Partner countries with tailored solutions.

In delivering focused work on the Centre's core themes, our broad remit enables us to provide a unique perspective and support governments develop joined-up policy guidance and recommendations that operate at the crossroads between people, places and firms. We are always open to new partnerships and ideas, and manage extensive networks that bring together national and local governments, the business community and other stakeholders to ensure that our work is timely, relevant and practical.

Lamia Kamal-Chaoui
CFE Director

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Supporting strong, dynamic and innovative SMEs and entrepreneurship
SMEs and entrepreneurs are drivers of sustainable and inclusive growth, and engines of innovation and transformation. They contribute to the social fabric and individual well-being, and many are champions of sustainable business practices. Our work helps policy makers understand their various contributions and challenges and inspire innovative approaches to SME and entrepreneurship policy.

Go local: the power of place
While the OECD has traditionally worked with national governments, cities and regions hold key powers and resources to shape lives and livelihoods. We work with subnational partners to unlock growth, provide equal opportunities, and support the green and digital transitions. In doing so, we connect the local to the global, helping position cities and regions for success.

Driving change through data for policy
Robust, reliable and meaningful data empower policy makers, academics and citizens to develop, implement and monitor new solutions. As the economic environment becomes increasingly complex and volatile, there is a need for that data to be timelier and more granular to guide decisions. The CFE meets that need by exploiting detailed geospatial and micro-data using a unique data science capability, which is pushing the frontiers of analysis to generate new insights and internationally comparable statistics for policy makers.

People, places and firms depend on each other
Policy makers must provide integrated solutions for people, places and firms. Urban infrastructure can influence entrepreneurship, just as the availability of public services in a rural area can profoundly shape a person’s future. The CFE pulls together the different pieces of the puzzle in a multi-disciplinary approach to provide a complete picture that drives economic and social development across sectors and places.

What works here may not work there
While there may be common lessons and practices that can be shared, uniform solutions for all people, places or firms do not work. The CFE focuses on how we differentiate policies to meet the needs of diverse situations.
Our structure

The work of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) is governed by its committees, working parties, and expert groups composed of senior civil servants from OECD countries. Its work benefits from input from broader stakeholders, through formal and informal networks that include international organisations, businesses, social enterprises and practitioners.

The Regional Development Policy Committee (RDPC) and its three Working Parties on Urban Policy, Rural Policy and Territorial Indicators, and its Expert Group on Multi-level Governance, serves as the premier international forum for policy makers to develop, analyse and advise on the implementation of regional development policies that address place-based challenges, opportunities and disparities, and how to implement effective multi-level governance.

The Committee on SMEs and Entrepreneurship (CSMEE) leads the OECD’s work to provide Member Countries with policy analysis, policy indicators, statistics, and recommendations to unleash the potential of SMEs and entrepreneurship. It works to boost SME productivity and innovation and tackle the barriers SMEs face in accessing finance, international markets and skills. It also works to support them to grasp the opportunities and tackle the risks associated with going digital and going green. The Informal Steering Group on SME and Entrepreneurship Financing supports it in its work by providing insights into the latest trends and policy initiatives to support access to finance.

The Local Employment and Economic Development Committee (LEED) provides recommendations across a range of policies relevant for local development including local employment and skills, entrepreneurship, the OECD Local Forum, the social economy, social innovation, and culture and creative industries. Its Trento Centre for Local Development has been building capacity for local actors since 2003.

The Tourism Committee and its Working Party on Tourism Statistics and its Global Forum on Tourism Statistics, Knowledge and Policies provide evidence and policies to support domestic and international tourism, and seek to promote the sector’s transition to more sustainable and inclusive practices. The Committee actively promotes an integrated, whole-of-government approach, linking tourism to broader economic policies, including trade, investment, travel facilitation, employment, innovation, digitalisation, green growth, local development, SMEs and entrepreneurship.

The Centre actively engages with a wide range of stakeholders through unique global networks of mayors, regional leaders, local practitioners and communities, businesses, entrepreneurs, and knowledge and educational institutions.
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Unleashing the potential of small businesses
SMEs are vital for economic and social development. They account for the majority of employment and output across OECD countries and play a key role in our communities. The CFE offers in-depth analysis and advice for policy makers to unlock the potential of SMEs.

Small and medium-sized enterprises (SMEs) play a central role in economies around the world. In the OECD, they account for 60% of business sector employment and 50-60% of national value added.

The OECD SME and Entrepreneurship Outlook provides policy makers with a biennial review of cross-country trends in performance and policies for SMEs and entrepreneurship. The 2021 edition reflects on the impact of the COVID-19 pandemic and the policy response as well as future challenges and opportunities for SMEs through innovation, digitalisation, global value chains and green business models. The 2023 edition will focus on prospects for the recovery following Russia’s war against Ukraine and consider SMEs’ access to the resources and networks needed to drive a resilient and sustainable recovery.

The OECD series of national Reviews of SME and Entrepreneurship Policy examines business frameworks, strengths and weaknesses of national policies and programmes – including the extent to which they meet the needs of very different SMEs – and provides policy recommendations to improve prospects for new and existing SMEs. Most recently, reviews have been conducted for Ireland, the Slovak Republic, Brazil and Viet Nam.

The CFE also supports governments to develop and implement national SME Strategies, underpinned by clear action plans and metrics to support implementation, monitoring and evaluation. Evaluation methods are explored further through the OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes, which helps policy makers to set out criteria and methods for reliable impact evaluation. Hands-on guidance is also available to countries to support robust evaluation.

Within the business ecosystem, around 5% of “high-growth” firms account for 50% of all new jobs. The SME Scale up project – undertaken in partnership with the European Commission – uses unique business microdata to improve our understanding of these high growth firms, and how policy makers can support them. The first report of the series, Understanding Firm Growth, uses firm-level data from Finland, Italy, Portugal, the Slovak Republic, and Spain to show that SMEs of all ages and in all types of places and sectors have the potential to scale up. A new report under preparation looks at policies for improving SME data governance and access to finance will focus on SME interconnectedness and integration into production and knowledge networks.

The CFE continues to strengthen its evidence base through analysis of more timely and granular data that improves our understanding of the diversity of SMEs and their needs. To consolidate these efforts the CFE has created a new Datalake on SME and entrepreneurship policies, acting as one-stop shop and user-friendly repository of data, analysis, and policy advice.
Boosting SME growth, productivity and global reach

Many SMEs already operate at the frontier of their industries. However, too many still struggle to compete with larger firms. CFE helps governments to boost SME productivity and internationalisation.

Making SMEs more productive is a core objective for the CFE. Although some SMEs are highly productive, on average, SME productivity lags that of larger firms. Too many are held back by a lack of access to skills (including management skills), finance and international markets as well as technology and networks. Furthermore, SMEs are more vulnerable to shocks and the impacts of new regulatory burdens than large firms.

The CFE is developing the OECD’s SME and Entrepreneurship Strategy, an evidence-based holistic framework, to support countries in developing coherent, effective, and efficient SME and entrepreneurship policies. Drawing on this work, the new OECD Recommendation on SME and Entrepreneurship policy offers a coherent and strategic approach to SME and entrepreneurship policies, encompassing a mix of targeted and horizontal policy dimensions, and placing emphasis on effective governance mechanisms to meet the needs of the very different SMEs and entrepreneurs.

The Centre also investigates the right business and policies to enhance SME participation in global value chains (GVCs). A policy toolkit is being developed in partnership with the European Commission to help national and regional governments strengthen ecosystems that better link foreign direct investment (FDI) and SMEs to boost local innovation and productivity. Our recent report Strengthening FDI and SME Linkages in Portugal provides a comprehensive assessment of interactions between foreign investment and local SMEs and proposes policy options to develop stronger relationships. A similar assessment of FDI-SME linkages in the Slovak Republic is under preparation and new country reviews are planned for 2023-24.
Financing small and medium-sized enterprises

SMEs often face barriers in accessing the finance they need to start up, invest in and grow their businesses. The CFE supports governments around the world to foster a diversified financial offer for SMEs.

SMEs often lack easy and affordable access to different forms of finance. Many are constrained by a lack of financial skills and knowledge, as well as structural barriers that limit private lending to small firms – including higher transaction costs in assessing their creditworthiness and financial options.

For 10 years, the OECD Scoreboard on Financing SMEs and Entrepreneurs has monitored trends in SME and entrepreneurship finance and policy developments in this area. The Scoreboard is built around a robust database of indicators on debt, equity, financing conditions and policies. The 2022 edition showcases the latest trends and policies in 48 countries. It highlights the need to ensure a healthy balance between debt and other forms of finance to enable SMEs and entrepreneurs to invest and grow.

The 2022 Update of the G20/OECD High-Level Principles on SME Financing underlines the importance of strengthening the resilience of SME finance in times of crisis, fostering access to sustainable finance for SMEs and leveraging Fintech solutions to enhance SME access to finance.

Our work has highlighted that SMEs face specific challenges in accessing finance for green investments. To help address the barriers, the CFE together with the British Business Bank, the Business Development Bank of Canada and the Industrial Bank of Korea launched a new knowledge-sharing Platform on Financing SMEs for Sustainability.

The Platform brings together governments, financial institutions, actors in the sustainable finance ecosystem and SME representatives to share insights, analytical research, and best practice.

As SMEs seek to engage in international trade and GVCs, access to trade finance is also increasingly important. The CFE’s recent study on Trade finance for SMEs in the digital era sets out how digitalisation is transforming trade finance, and how policy makers can improve access for SMEs.

At the same time, intangible assets now make up a large share of corporate value and investment. Yet SMEs that rely on intangible assets often struggle to leverage these assets to secure finance. The OECD report on Secured Lending for SMEs: making effective use of registries and intangibles shares insights and good practices on how to foster the use of intangibles in secured lending activities.

Interest rate spreads between loans to SMEs and to large firms by groups of countries

![Interest rate spreads between loans to SMEs and to large firms by groups of countries](image)
Helping SMEs achieve the digital and green transitions

SMEs increasingly need to adopt digital and green business models to survive and thrive. The CFE provides analysis, evidence, and policy advice to support their transition.

The global business environment is changing. SMEs are under increasing pressure to adapt to the twin – green and digital – transitions to survive and compete with larger firms.

Our report *The Digital Transformation of SMEs* looks at recent trends in SME digital uptake and shows that up to 70% of SMEs intensified their use of digital technologies during the pandemic. It also shows that SMEs that went digital were more resilient, a link which is explored further in our new workstream Enhancing SME Resilience through Digitalisation, which has delivered its first case study on Korea.

The CFE’s work on SME digitalisation is informed and shaped by our extensive business contacts and networks. The *OECD “Digital for SMEs” (D4SME) Global Initiative*, set up in 2019, promotes knowledge sharing and learning on how all SMEs can seize the benefits of digitalisation. The Initiative hosts regular knowledge events throughout the year and an annual a high-level Roundtable. Through webinars and a SME case studies databank, it provides SMEs with a voice to share their experience of digital transformation. Future analytical work and knowledge exchange will focus on the development of digital skills, emergence of new business models, such as hybrid retail, and data governance.

SMEs will also need to take urgent action if we are to meet our climate ambitions. SMEs contribute 60-70% of industrial emissions, and while many lead the way in developing greentech and environmentally sustainable products and processes, SMEs still lag large firms in taking action. Our *Greening SMEs* programme is investigating the trends in environmental action by SMEs and the policy solutions available to support them. As part of this, our report *No Net Zero without SMEs* highlights the barriers they face, including a lack of information and awareness of opportunities, regulatory hurdles, and limited access to innovation assets and finance. We are undertaking bespoke country studies to help tackle these issues, including our recent report *Policies to Support Green Entrepreneurship: Building a Hub for Green Entrepreneurship in Denmark*.

CFE is also working to tackle barriers to financing green investments through the *Platform on Financing SMEs for Sustainability* and to improve evidence on SMEs’ environmental footprint through a pilot dashboard of SME greening indicators.

“There will be no digital transformation without SMEs. The OECD Digital for SMEs could not come at a better time, as we need to make sure that all our businesses are on board on the digital transformation journey. I am thrilled to chair this fantastic initiative to help drive this global agenda forward.”

The Hon Stuart Nash, Minister of Small Business, New Zealand and Chair of the OECD “Digital for SMEs” global initiative.
Reading list

Key publications

Access the OECD iLibrary: oecd-ilibrary.org

Find out more

www.oecd.org/cfe/smes
Cultivating successful entrepreneurs
Entrepreneurship can be a positive force for economic and social progress. The CFE leads the OECD’s work to boost entrepreneurship in all its forms, providing advice, tools, and support to governments. Entrepreneurship is a key driver of growth and renewal. Entrepreneurs bring new business models and technologies to market, provide competition to established firms and can create an alternative employment pathway for people who are disadvantaged in the labour market.

The CFE produces comprehensive advice and analysis on trends and policies in entrepreneurship through its biennial flagship publication – the OECD SME and Entrepreneurship Outlook.

Building on this work, the Centre has produced an International Compendium of Entrepreneurship Policies, covering the full range of policy measures used to support entrepreneurship, including framework conditions such as tax and regulatory systems and direct support through access to finance, advice, and training.

The CFE also provides deeper research on specific policy themes. Access to finance is tracked through the OECD Scoreboard on Financing SMEs and Entrepreneurs. The provision of advice and training to start-up entrepreneurs is explored in reports such as Business Advice for Entrepreneurship and Small Firms, and further work covers issues such as business incubation, public procurement for innovation, business transfers, and high-potential start-up programmes. This research is used to underpin toolkits for policy makers.

In recognition of the unique challenges and circumstances faced by policy makers in different countries, the CFE has established a series of Country Reviews of SMEs and Entrepreneurship Policies. The series has already delivered reports on 12 countries, including Canada, Mexico and Italy.

The CFE works directly with entrepreneurs to give them a voice in international policy discussions. Our OECD Network of Entrepreneurs brings together the insights of SME owners and entrepreneurs from different sectors, countries and regions and enables us to test new policy thinking against their different circumstances.
Driving inclusive entrepreneurship

Entrepreneurship can be a positive choice for disadvantaged groups, providing routes to employment and new opportunities. The CFE provides advice to policy makers to support these groups.

Opening up entrepreneurship to disadvantaged groups can help generate jobs, fight social exclusion and stimulate economic growth. Many countries and regions use inclusive entrepreneurship policies to support groups that face greater barriers to employment and business creation, particularly women, youth, the unemployed, seniors, and migrants.

The CFE provides policy guidance to national, regional and local governments through regular publications, including the biennial OECD-EU Missing Entrepreneurs reports. The 2021 edition – the sixth in the series – showed that there could be an additional 9 million people starting and managing new businesses in the European Union – and 35 million across OECD countries – if everyone were as active in business creation as men aged between 30 and 49 years old.

Our Country Notes and Reports provide tailored policy advice to governments to promote inclusive entrepreneurship. These include 27 country notes for European Union member states, and specific reports on Youth Entrepreneurs in Portugal and Women Entrepreneurs in Ireland.

They have also inspired the creation of our Better Entrepreneurship Policy Tool, a free online tool for policy makers, practitioners and broader stakeholders.

Nearly 8 out of 10 “missing” entrepreneurs are women. The Women’s Entrepreneurship (WE) Initiative aims to boost women’s entrepreneurship, and our recent publication Entrepreneurship Policies through a Gender Lens, produced in partnership with the Global Women’s Entrepreneurship Policy (GWEP) Network, takes a deep dive into the gender gap in entrepreneurship and its causes.

The Centre produces Policy Briefs with the European Union focusing on specific themes such as youth entrepreneurship and has convened more than 70 events to share experiences and best practice in promoting inclusive entrepreneurship.

We are strengthening our work on youth entrepreneurship to provide new pathways for young people facing major challenges in the world of work and business. We will build on our series of country policy notes, already covering Hungary, Italy, Lithuania, Poland, Portugal, and Spain, and are supporting the implementation of the new OECD Recommendation on Creating Better Opportunities for Young People.

The private sector also has a critical role to play in supporting young people, which is why the CFE – as part of a coalition of 12 international organisations – launched the Stand by Youth Initiative in 2021 to support and encourage businesses to improve opportunities for young people.

Who are the "missing" entrepreneurs?

There would be an additional 35 million early-stage entrepreneurs in OECD counties if everyone was as active as 30-49 year old men.

- About 1 out of 10 is a youth (under 30)
- Nearly 8 out 10 are female
- Nearly 6 out 10 are seniors (50+)
Entrepreneurship education provides individuals with the skills and strategies to succeed in the modern economy. Through entrepreneurial education, learners develop an understanding not just of the mechanics of starting a business, but also how to innovate and create new products and business models.

These transversal skills are valuable to students whether or not they go on to start a business. The world of work is changing, with more opportunities than ever for employees to apply their entrepreneurial drive within firms to create new growth opportunities, particularly as digital natives.

The CFE collaborates with national and subnational governments, education systems and HEIs through EECOLE - the Entrepreneurship Education Collaboration and Engagement network - which brings together over 100 HEIs to improve entrepreneurship teaching and learning, as well as the connections between HEIs and local businesses and policy makers.

EECOLE is structured around groups of stakeholders focused on the most pressing policy challenges facing participants, such as tackling barriers to collaboration with local firms in innovation and promoting sustainable development in all regions. These groups produce case study reviews, analytical reports, and workshops to promote better policies and practices in support of entrepreneurial education.

The CFE also partnered with the European Commission to promote entrepreneurial and innovative higher education institutions through the HEInnovate Programme.

As part of the Programme, the CFE has produced 13 national reviews covering Austria, Bulgaria, Croatia, Greece, Hungary, Ireland, Italy, Lithuania, the Netherlands, Poland, Romania, Slovenia, and Sweden, and a synthesis of policy lessons in the report Advancing the entrepreneurial university.

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How to prepare future entrepreneurs?

“HEIs need to prepare learners to create value for others by acting entrepreneurially in a world characterised by uncertainty and ever increasing change.”

Prof. Dr. Christine K. Volkmann Chair of Entrepreneurship and Economic Development, Schumpeter School of Business and Economics, University of Wuppertal
Entrepreneurship and innovation are highly localised and context-dependent. The CFE supports governments and partners to create strong entrepreneurial ecosystems at national and subnational levels.

The rates of start-ups- and scale-ups in the business population vary strongly across and within countries. It is critical to understand the drivers and barriers at all levels to create a supportive ecosystem for entrepreneurship. While national policies and frameworks can and must create many of the right conditions for entrepreneurship to emerge, many of the key levers and institutions are local – helping to connect new entrepreneurs with finance, talent, and networks and working to stimulate a positive entrepreneurial culture.

The CFE provides tailored policy advice through its work on Start-Up Ecosystems. This includes country assessments focused on entrepreneurship outcomes, institutional conditions, motivations and capabilities, and access to resources. The ecosystems work involves a strong focus on establishing the right framework conditions through regulations and culture, as well as access to resources such as knowledge, finance, talent, and intermediate services. Key priorities for future work in this area include policies to strengthen entrepreneurial networks and strengthening the public and private sector leadership of entrepreneurial ecosystems.

Our work at subnational level examines the key dynamics that drive local entrepreneurial ecosystems and has produced a series of reports including Cambridgeshire and Peterborough, and Coventry and Warwickshire in the UK and the Polish regions of Mazowieckie, Pomorskie and Malopolskie.

The CFE also specifically focuses on the role of Higher Education in local ecosystems through a series of reports and webinars on the Geography of Higher Education (GoHE). GoHE investigates how Higher Education Institutions (HEIs) are generating value for their surrounding communities and networks. The first publication in this series looks at the Academy for Smart Specialisation at the Karlstad University in Sweden. A second GoHE report focuses on Québec, Canada.

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www.oecd.org/cfe/smes
Regions: driving growth and well-being
The CFE provides evidence and concrete policy advice on how to improve prospects for all types of regions. The flagship OECD Regional Outlook, published every two years, analyses regional trends across a range of indicators, as well as the challenges that lie ahead. It provides guidance and recommendations to policy makers on how to boost economic performance in all regions, and how to narrow the gap between them. The 2021 edition addresses the resilience of regions in the COVID-19 crisis and in the transition to net-zero greenhouse gas emissions.

The CFE have also produced wide-ranging reviews of analytical reports to promote regional development, including Productivity and Jobs in a Globalised World, Rethinking Regional Development Policy, Regions in Industrial Transition: Policies for People and Places and Making Better Use of Transport Infrastructure.

To tailor our advice to the needs, opportunities, and policy framework of each region, the CFE conducts a series of OECD Territorial Reviews at national, regional, and metropolitan levels. Reviews have been conducted in over 30 countries, including recent national reviews on Bulgaria, Israel, Portugal, and Greece, and regional reviews on Wales (United Kingdom) and the State of Hidalgo (Mexico). The CFE also undertakes targeted reviews on specific policy themes, with recent studies including Working Together for Local Integration of Migrants and Refugees and Broad-based Innovation Policy for All Regions and Cities.

Going forward, the Centre is looking to expand its work on impact evaluation of regional development policies, building on our approach to the Territorial Review of Greece.

In March 2019, on the occasion of the OECD Regional Development Policy Committee’s 20th anniversary, the Centre organised the fourth OECD Ministerial Conference on Regional Development in Athens. The 46 participating countries welcomed the Declaration on Policies for Building Better Futures for Regions, Cities and Rural Areas.
National measures of economic performance often hide wide regional differences. While differences in economic performance between countries have declined in recent years, those within countries have not. To track these trends, benchmark regions and support evidence-based policy making, the CFE regularly develops and publishes new indicators and tools.

The freely accessible and regularly updated OECD Regional and Metropolitan Databases provide a unique set of comparable statistical indicators on 2,800 regions and nearly 700 cities and metropolitan areas in OECD member and selected partner countries. They cover yearly time-series for around 80 indicators, including population characteristics, economic output, industrial structure, labour market performance, innovation activities, education levels, health status and environmental conditions.

Drawing from this wealth of data, the CFE publishes the flagship report OECD Regions and Cities at a Glance every two years, providing a snapshot of OECD regions and cities.

To overcome differences in the way administrative geographies, including cities and rural areas, are defined across countries, the CFE has developed consistent geographies to compare performance. Our Cities in the World publication uses this approach to measure urbanisation and presents ground-breaking evidence on the evolution of metropolitan areas around the globe and future trends. It also provides a data visualisation tool for policy makers.

Moving forward, the CFE is exploring new data sources and analytical techniques through the OECD Geospatial Lab, which brings together private and public partners from across the world to share best practice and cutting-edge techniques. The Lab promotes the use of geospatial information and spatial modelling in measuring and understanding spatial patterns in urbanisation, land use, well-being, and economic development.

The Statistical Atlas for regions and cities

The OECD Statistical Atlas for Regions and Cities provides an interactive data platform that allows users to browse all city-level and regional-level indicators and visualise them through maps and charts. Any user can easily download the data underlying each chart or map.

https://regions-cities-atlas.oecd.org/
Enhancing rural prosperity and well-being

Rural areas face many challenges. The Centre’s work on rural policy provides guidance to unlock opportunities for growth and well-being amongst diverse rural communities.

Rural communities make a strong contribution to national economies and are essential providers of food and raw materials, amenities, and ecosystem services. However, they also face unique challenges and opportunities.

Adopted in 2019 by Ministers from all OECD countries, the OECD Principles on Rural Policy consolidate lessons from more than 20 years of work on rural development to guide policy makers in building smart, sustainable, and inclusive rural areas.

The Rural Well-being: Geography of Opportunities framework builds on these Principles, and focuses on the trends affecting rural areas and shows how rural development policy can deliver more prosperous, connected, and inclusive rural places that offer greater well-being.

To reflect the unique context of each country, CFE’s series of national OECD Rural Policy Reviews helps governments to address the main challenges and unlock development opportunities for rural communities and businesses. A recent review of Poland included a focus on agricultural productivity and economic diversification, while another in Chile highlighted the need to establish a national policy framework for rural development.

Natural resource industries are key for rural economies, but also bring challenges including in the management of land and benefits. Through the OECD Mining Regions and Cities initiative, the work on Linking Indigenous Communities with Regional Development, the CFE provides tailored advice to governments at all levels.

The CFE is also helping rural areas to an innovative and sustainable industry through projects on Enhancing Rural Innovation and Rural Manufacturing, which show how rural regions can become more dynamic and modernise their industrial base.

At the same time, the green transition presents huge opportunities for rural areas, which lead the way in renewable electricity production. The OECD project Realising the Net Zero Opportunity and the Rural Agenda for Climate Action show how rural regions can make the most of new opportunities while generating benefits for local communities.

Our annual OECD Rural Development Conferences bring these themes together and provide a knowledge-sharing platform for public, private and civil society representatives to share experiences on rural development.

“The discussions at this conference demonstrate the depth of ambition, enthusiasm and pride that we all hold for our rural areas. It highlights what can be achieved through, and for, rural communities to deliver a more sustainable society, economy, environment and a brighter future for us all.”

Prime Minister Micheál Martin at the 2022 OECD Rural Development Conference in Cavan, Ireland
Supporting regions to adapt to shocks and megatrends

The CFE promotes regional development policy to help policymakers anticipate and respond to long-term challenges and shocks and seize new opportunities.

Our economies, societies, jobs, and environment are being shaped by megatrends, including globalisation, rapid technological innovation, digitalisation, demographic change, and environmental challenges. Many of these megatrends bring significant opportunities. The CFE’s report *Making the most of public investment to address regional inequalities, megatrends and future shocks* looks at how place-based policies such investment can boost future economic prosperity, regional resilience, and well-being.

Already, 29 OECD countries have regions with shrinking populations. The Centre’s work on *Preparing Regions for Demographic Change and Service Delivery* provides evidence and policy advice to improve services in all places. This series includes recent reports on *Delivering Quality Education and Health Care to All* and *Access and Cost of Education and Health Services* as well as case studies.

Other regions are growing, and face a different set of challenges, including integrating migrant workers. Our recent report *The Contribution of Migration to Regional Development* provides new evidence and analysis on where migrants settle within countries and their contribution to regional income, innovation, international trade, and labour markets.

Many regions are seeking to transition to a more sustainable economic model. With more than 130 indicators, the OECD web tool on *Measuring the Distance to the SDGs in Regions and Cities* shows the distance towards the Sustainable Development Goals (SDGs) in over 600 regions and cities in OECD and partner countries. The CFE is supporting them through the OECD Programme on *A Territorial Approach to the Sustainable Development Goals* and its recent report *Managing Environmental and Energy Transitions for Regions and Cities*.

Remote work is among the major paradigm shifts brought about by COVID-19. Our recent report *Implications of Remote Working Adoption on Place-Based Policies: A Focus on G7 Countries* considers the scenarios and implications, but whatever shape the new normal takes, the crisis has highlighted the importance of digital connectivity for all regions, and OECD work with the G20 on *Bridging Digital Divides* provides recommendations on how everyone, wherever they live, can benefit from it.

The CFE is now leading a major project on *rethinking regional attractiveness in the new global environment* to help regional and national policy makers better understand their evolving position in global value chains and their attractiveness to target groups including investors, talent, and visitors. 25 regions from 10 countries are mobilized to participate from the EU, LAC countries, and Morocco.

Since the global financial crisis in 2008, trust in government has been declining in most OECD countries. In many countries, there is a strong regional dimension to this challenge: with communities that lag behind beginning to question structures and institutions. For example, in Korea there is a 35 percentage point gap between regions in the level of trust they place in institutions. Local leaders can make the difference leveraging on the higher levels of trust people have in local governments. The CFE’s work on place-based policies can help address economic dislocation and rebuild trust from the bottom up.
Reading list

Key publications

Access the OECD iLibrary: oecd-ilibrary.org

Find out more

www.oecd.org/cfe/regional

REGIONS: DRIVING GROWTH AND WELL-BEING
Productive, resilient, sustainable and inclusive cities
Developing the right frameworks and strategies for all cities

Each city is unique. We work with national governments to put in place the right policy frameworks to support their different development paths, and with cities themselves to develop strategies that help them become more productive, sustainable, and resilient.

Cities across the OECD face similar challenges, yet there is no one-size-fits-all solution. Welcomed in 2019 by Ministers from OECD Member and Partner countries, mayors and leaders of international organisations, the OECD Principles on Urban Policy consolidate lessons from more than 20 years of OECD work on cities into a framework to guide policy makers in shaping smart, sustainable and inclusive cities. A new Implementation Toolkit helps translate the Principles into concrete action on the ground.

Policy decisions that affect urban development are often the remit of many government departments and ministries that are rarely managed through a coherent urban lens. With UN-Habitat and Cities Alliance, the OECD has developed a framework for National Urban Policies and launched a National Urban Policy Programme to regularly monitor the global state of national urban policies and develop a shared vision for urban development. The programme seeks to harness the dynamics of urbanisation to achieve both national development objectives and implement global agendas, such as the UN Sustainable Development Goals. To complement this, the OECD National Urban Policy Reviews help assess national policies that shape urban development in a given country and offer specific policy recommendations.

The CFE is working directly with city leaders to put in place the right strategies for the future. Our longstanding series of OECD Metropolitan Reviews offers deep dives into the comparative strengths and weaknesses of individual cities and provides targeted policy recommendations based on international best practice. While large metropolitan areas have undergone such reviews, including Chicago, Seoul and Johannesburg, we work to support cities of all sizes and strive for more balanced, quality urbanisation. A new programme on intermediary cities aims to unlock their potential to drive polycentric territorial development and strengthen urban-rural linkages and partnerships.

To help cities rebound from the pandemic, we are hosting a bespoke series of policy dialogues on COVID-19 recovery and resilience. We have already conducted dialogues with Aix-Marseille-Provence (France), South Holland (Netherlands) and Core Cities (UK), delivering targeted recommendations to each to support recovery plans.

![Did you know? Cities account for...](image)
Supporting cities in the green and digital transitions

Cities are on the front line of the green and digital transitions. We provide tailored advice and recommendations to adapt to – and embrace - these megatrends.

The CFE supports the development of urban green policies that contribute to job creation and quality of life. The OECD Programme A Territorial Approach for Climate Action and Resilience (TACAR) helps cities and regions drive the net-zero transition and build systemic resilience, through localised benchmarks, a policy checklist and peer-learning. We are monitoring their climate investment through CFE’s Subnational Government Finance for Environment and Climate Programme.

The CFE hosts the OECD Programme on the Circular Economy in Cities and Regions, helping cities and regions cope with the rising prices of raw materials by cutting down on waste and adopting more efficient resource management strategies. The Programme has collected evidence on the circular economy across 52 cities and regions, and provided guidance to national and local governments, including Glasgow (UK), Groningen (Netherlands) and Ireland, including a checklist for action and a measurement framework to accelerate the transition towards a circular economy.

For many cities, the risks of too much, too little, and too polluted water are being exacerbated by climate change, demographic growth, and urbanization. These challenges are increasingly affecting local development, human health, and well-being. The OECD project Cities for a Blue Economy guides and supports cities to tackle water risks and foster a sustainable blue economy that contributes to economic growth, social well-being, and ecosystem preservation.

Around the world, governments are also working to embrace the digital transition by making cities “smarter”. These initiatives aim to leverage digitalisation to improve citizen well-being and deliver more efficient, sustainable, and inclusive urban services and environments. Our Programme on Smart Cities and Inclusive Growth seeks to help national and local governments harness smart city strategies to deliver better opportunities and quality of life for all residents and measure their impact.

The analytical framework of the Circular Economy in Regions
Achieving more inclusive urban societies

The CFE’s work examines the drivers of urban inequalities including social, infrastructure and service gaps, to help cities achieve inclusive growth and enhance well-being.

Global inequality is on the rise, with the richest 10% in OECD countries now earning 10 times more than the poorest 10%. Income inequality is especially acute in large cities. The CFE helps national and local governments analyse rising inequalities, promote broader well-being, and design policy packages that encourage inclusive growth in cities.

Our work spans a range of topics including spatial inequality and income segregation, land use, transport and infrastructure policies, local labour market practices, digitalisation, COVID-19 recovery plans, and public service delivery. In addition to thematic case studies, the CFE organises capacity building workshops and webinars.

Affordable housing is a key ingredient in making a city inclusive. We monitor house price developments in cities and explore what policies – including land use and transport - help ensure that sufficient quality housing gets built, and that it is accessible for citizens. As part of this work, we recently developed a Global Compendium of Land Value Capture Policies with the Lincoln Institute of Land Policy that explores the use of land-value capture mechanisms for inclusive and sustainable development in cities.

The CFE also works on migrant integration issues and has produced case studies looking at local integration strategies in ten major European cities. This resulted in a Checklist for Public Action to Migrant Integration at the Local Level. The Database on Migrants in OECD Regions provides detailed information on the situation of migrants at the regional level.

The CFE joined forces with Bloomberg Philanthropies to strengthen the capacity of cities to improve wellbeing for all through a recent project on Assessing Innovation and Data Use Capacity in Cities. This work builds on responses from more than 140 cities to a global survey, and assesses how efforts to enhance innovation capacity and data-driven city management approaches can drive better outcomes for residents. An interactive online platform offers detailed city profiles.

“Cities have found themselves on the front line in responding to global shocks. Even as we work for an inclusive recovery from the pandemic, we are facing new challenges – from the impact of Russia’s invasion of Ukraine to extreme weather events – that threaten inclusive growth. This coalition of Champion Mayors has the powers – and the ambition – to change course, and put in place policies that will protect the vulnerable and create new opportunities for employment and entrepreneurship for all.”

Dagur Eggertsson, Mayor of Reykjavik and Chair of the OECD Champion Mayors; Anne Hidalgo, Mayor of Paris and President Emeritus of the OECD Champion Mayors
Engaging with city leaders and businesses

With its unique policy forums and networks, the CFE engages with national and local governments, civil society, and the private sector to discuss and develop solutions to common problems.

The CFE hosts various platforms to engage with Ministers, Mayors, senior officials, leaders, and practitioners to foster exchange and share good practice on urban policy across the OECD and beyond. The OECD Roundtable of Mayors and Ministers is a prominent forum for developing intergovernmental approaches for stronger and more effective urban policies.

The CFE also hosts the OECD Champion Mayors for Inclusive Growth initiative, which holds regular meetings for Mayors to exchange lessons about policies that promote equality and sustainability in their cities.

The OECD Roundtables on Smart Cities and Inclusive Growth gather a variety of stakeholders to take stock of research and share policies, projects and knowledge to improve the development and deployment of smart city initiatives. Participants explore the opportunities and challenges brought on by disruptions caused by digital innovation, data disclosure and security, as well as regulations put forward to manage the growing interaction between private and public sectors.

Our series of Roundtables on Circular Economy in Cities and Regions provides a knowledge-sharing platform for stakeholders to share experiences and best practices related to the transition from a linear to a circular economy.

The OECD Programme on A Territorial Approach to the SDGs is a multi-stakeholder community of practice that gathers at the OECD Roundtables on Cities and Regions for the SDGs to discuss innovative approaches, opportunities and challenges for the localisation of the SDGs. Every six months, the Roundtable convenes cities, regions and their umbrella organisations, national governments, and international organisations (in particular the European Commission and UN agencies), private sector representatives, donor agencies and other stakeholders.

OECD Roundtable of Mayors and Ministers
Reading list

Key publications

Find out more

Access the OECD iLibrary: oecd-ilibrary.org

www.oecd.org/cfe/cities/
Promoting better jobs and local development
Labour markets are local. 98% of workers taking on jobs do so within the same region where they already live. Yet the opportunities available within those regions can vary hugely. In over half of OECD countries, there is a two-fold or more difference in unemployment rates between the best and worst performing regions and in the years to come, the impacts of automation and digitalisation, globalisation, and climate change and the green transition will create and destroy jobs unevenly, potentially widening gaps in opportunities between places.

Targeted local policies can have a transformative impact on labour market outcomes. Established 40 years ago, the Local Employment and Economic Development (LEED) Programme was born out of a previous job crisis. Since then, LEED has provided advice on “what works” to create more and better jobs through effective policy design and implementation. Its work benefits from deep connections with thousands of local actors through the Local Development Forum.

The LEED Programme oversees Job Creation and Local Economic Development, a biennial publication highlighting the latest trends that are shaping local labour markets. It provides guidance on how a range of policies – from employment and training to economic and social inclusion – can contribute to local development and support better jobs for all people across different places. The latest edition focuses on green growth, following previous editions, which focused on the spatial economic impacts of the COVID-19 crisis (2020), and the impacts of automation on regional and local labour markets (2018).

The OECD series of Reviews on Local Job Creation provides practical advice on how national and local policies can be designed to meet skills needs of business in all communities. Around 30 reviews in countries and regions have helped policy makers promote more resilient and inclusive local labour markets including reports on Regional Economic Inactivity in Poland, and the Future of Work in Australia. As part of this effort, the CFE recently partnered with the J.P. Morgan Chase Foundation to deliver reports on Future-Proofing Adult Learning in Berlin and London.

The CFE has supported policy makers to encourage depth and diversity in transferable skills through joint publications with the International Labour Organisation (ILO): Engaging Employers in Apprenticeship Opportunities and Better Use of Skills in the Workplace.

In 2022, the CFE brought together leading experts, local leaders and policy makers, businesses, employee representatives and practitioners at the OECD’s first Local Skills Week. The event provided insights into the challenges and opportunities the future of work will bring for cities and regions and explored how local communities can overcome skills gaps through lifelong learning.
Driving sustainable growth through the social economy

The social economy can help transform local economies. It can also drive innovation, inspiring other businesses by demonstrating more socially responsible business models.

The social economy fills gaps in public services and social support systems and pioneers innovative solutions that help achieve more inclusive and more sustainable business models. Social enterprises already supply many of the goods and services that we depend on for our daily life, including banking, insurance, consumer goods, as well as health, employment, and social services. While it is distinguished by its social impact, it also has a huge economic impact, accounting for 11.9 million jobs and 6 to 8% of GDP in the EU 27 countries.

For over 25 years, the CFE has provided advice and analysis to policy makers to support the social economy. Our work includes an international legal instrument, thematic reports, in-depth policy reviews, policy briefs, capacity-building seminars, an online self-assessment toolkit, peer learning partnerships and international guides.

The CFE works with the European Commission on social entrepreneurship, contributing to the European Action Plan on the Social Economy. We are working together on a Global Action “Promoting Social and Solidarity Economy Ecosystems” to increase the scale and impact of the social and solidarity economy globally through international guides on legal frameworks and social impact measurement. The priority countries for the Global Action are Brazil, Canada, the European Union, India, Korea, Mexico and the United States.

The OECD series of Policy Reviews on Social Entrepreneurship or Social Innovation analyses policy frameworks for the social economy and/or social innovation and offers tailored recommendations for policy makers across all levels of government. Recent studies have been undertaken on the Netherlands, Slovenia, Estonia, and Lithuania as well as sub nationally in Brandenburg (Germany). Our series of OECD Policy Briefs on Social Entrepreneurship examines specific issues including social-impact measurement, growing social enterprises, or spurring environmentally friendly practices.

Going forward, the OECD is developing new work on the role of the social economy in the green transition, co-operatives in the platform economy, the use of labelling and the role of the social economy in addressing informal employment.

The OECD Recommendation on the Social and Solidarity Economy

Offers a set of guidelines for all levels of government around 9 pillars for action and is available in multiple languages. Tools to help implement the Recommendation are under development.
The cultural and creative sectors (CCS) directly contribute 2.2% of output across OECD countries and up to 1 in 20 jobs in some OECD countries. These jobs tend to cluster in cities, such as in Berlin, where they can account for up to 1 in 10 jobs. Yet around 40% of cultural and creative employment can be found outside of CCS, such as industrial designers working in the automotive industry. Culture also plays a key role in helping places attract and retain skilled workers, supporting the development of tourism and the visitor economy, bonding communities, tackling exclusion, promoting well-being and improving health.

Our report *The Culture Fix: Creative People, Places and Industries* offers new data and policy examples to unlock these benefits. The CFE supports G20 work on culture and partnered with the International Council of Museums (ICOM) to produce *Culture and Local Development: Maximising the Impact - Guide for Local Governments, Communities and Museums*. The guide provides a roadmap for local governments, communities, and museums on how to mobilise the transformative power of culture in their local development plans, alongside a policy toolkit. Going forward, the CFE is continuing to develop new data and policy guidance on cultural and creative sectors as well as cultural participation.

Global events such as the Olympic Games, Expos, World Cups or Cultural Festivals can stimulate growth and development in the countries and cities that host them. The OECD works with host countries and cities and has developed an *OECD Recommendation on Global Events and Local Development* and toolkit to help realise more sustainable global events and leverage local benefits. Together with international organisations such as the International Association of Event Hosts and the International Olympic Committee, we are now developing internationally recognised impact measurement approaches for such events.
The OECD Local Development Forum

The CFE promotes knowledge exchange and peer learning about “what works” in local development, bringing together ministries and main streets to forge practical solutions to today’s economic and social challenges.

Created in 2004, the OECD Local Development Forum brings together several thousand members from 65 countries to share new local approaches, services and initiatives to address today’s economic and social challenges. Its members include national policy makers, mayors, regional authorities, local employment agencies, local chambers of commerce, business leaders, startups, and social entrepreneurs and innovators.

Each year, a major conference on local development attracts hundreds of participants to discuss key trends shaping local labour markets and recent policy innovations. Workshops and webinars are held in selected countries throughout the year to deepen knowledge exchange and capacity building on hot topics in local development.

“We see that workers no longer necessarily have a job for life or even a linear career. And that has its impact on different communities in terms of attracting new employment and economic development opportunities. The OECD Local Development Forum offers a unique opportunity to learn about experiences in tackling similar labour market challenges at the regional and local level.”

Menno Bart – Public Affairs Manager, Adecco Group.

A new local agenda for jobs and growth

2013 Dublin-Kilkenny

Local leadership for inclusive growth

2015 Manchester

Increasing productivity, jobs and inclusion

2017 Prague

Right skills, right jobs, right places

2019 Antwerp

Building adaptable local labour markets

2014 Stockholm

Creativity, jobs and local development

2016 Venice

Global trends and local actions

2018 Porto

Better strategies for stronger communities

2022 Cork
Effective multi-level governance and supporting subnational finance
Governments are grappling with complex, fast-moving challenges that require well managed and co-ordinated responses across different tiers of government. The CFE convenes the **Expert Group on Multi-level Governance and Public Investment for Regional Development** to help countries design coherent intergovernmental structures.

Our series of **Multi-level Governance Studies** explores how to improve administrative structures, the allocation of responsibilities, fiscal practices, inter-governmental co-ordination and co-operation, strategic planning, and innovation at all levels. The CFE has recently conducted in-depth reviews with Bulgaria, Croatia, Israel, Poland, Portugal, Romania, Ukraine, Wales (UK), among other countries and regions.

Decentralisation is among the most important reforms of the past 50 years, but reform paths necessarily vary across countries. The CFE has developed **Making Decentralisation Work: A Handbook for Policy makers**, which offers 10 practical guidelines on how to design and deliver effective decentralisation reforms.

The CFE also provides targeted advice, analysis, and recommendations on multi-level governance frameworks to guide labour market policies, migrant integration, regional development, infrastructure investment. Future work will look at multi-level governance structures to support SMEs and entrepreneurship.

The CFE also leads the **OECD Water Governance Initiative**. This international network gathers regularly to share best practice on water governance. To support better policy making, the Initiative developed **12 Principles on Water Governance**, which set standards for the more effective, efficient, and inclusive design and implementation of water policies. It has also produced the **OECD Water Governance Indicators, a Capacity Building Toolkit for self-assessment**, analyses on stakeholder engagement and on integrity and benchmarking studies across OECD countries, cities, Latin America and the Caribbean and 48 Asia-Pacific countries. Country reviews have recently included Mexico, the Netherlands, Tunisia, Jordan, Brazil, Korea, Argentina, Peru, and South Africa. With UCLG-Africa, the CFE co-ordinates the **Roundtable of African Mayors for Water Security**. In 2018, the OECD was awarded the King Hassan II Great World Water Prize for work in this area.
Strengthening subnational public finance

We collect and analyse timely data on subnational government structures and public finances and track policy reforms to support stronger, more efficient, and more sustainable structures.

Across the OECD, subnational governments are responsible for over USD10 trillion of public expenditure annually – equivalent to more than 16% of GDP. We collect data on subnational government structures, municipal size, expenditure, investment, revenue, tax receipts, budget balance and debt and publish an annual report, Subnational Governments in OECD Countries: Key Data.

In 2017 the OECD and the United Cities and Local Governments (UCLG) launched the World Observatory on Subnational Government Finance and Investment (SNG-WOFI) to provide standardised, reliable, and transparent access to data on subnational government structure, finance, and investment as well as to build subnational capacity in this area. After two previous editions, in 2016 and 2019, the SNG-WOFI has become the largest international knowledge repository on subnational government structure and finance ever produced. Alongside the synthesis report, the 3rd edition includes more than 135 country profiles as an interactive web platform.

With the support of the European Commission’s DG REGIO, the CFE is developing a new Regional Government Finance and Investment Database. This currently provides comparative data on the structure of individual regional governments’ revenue and expenditure across 24 OECD and European Union countries. We are also building a municipal fiscal database with aggregated and individual municipal government data and piloting a database on subnational public employment that will include a gender focus.

Regions and cities are now key financial players in the transition to a carbon neutral economy. Through our Subnational Government Climate Finance Hub, the Centre helps governments track subnational public climate finance, using a pioneering methodology. The methodology has been used to develop the OECD Subnational Government Climate Finance Database and the Compendium of Financial Instruments that Support Subnational Climate Action in OECD and EU Countries, and reveals that in 2019, subnational governments accounted for 63% of climate-related public expenditure (1.1% of GDP) and 69% of climate-significant public investment (0.4% of GDP), on average, across 33 OECD and EU countries. We have also developed subnational green budgeting guidelines, accompanied by a self-assessment tool.

SNG-WOFI

The World Observatory on Subnational Government Finance and Investment is the world’s leading source of comparable data on subnational government structure and finance.

www.sng-wofi.org/
Subnational public investment and quality infrastructure

Public investment shapes choices about where people live and work and affects their quality of life. We help national and subnational governments make the most of their investment and infrastructure.

There is an urgent need for infrastructure. To sustain global growth and meet basic needs, the OECD has estimated that we must invest USD6.3 trillion per year. We will need to invest a further USD3 trillion annually if we are to meet the goals of the Paris Agreement and succeed in limiting global warming to 1.5 degrees.

Regional and local governments – which are already responsible for 55% of public investment in OECD countries – are likely to manage most of this investment. The CFE helps countries develop effective governance systems to do so, including through the OECD Council Recommendation on Effective Public Investment across Levels of Government. The Recommendation features 12 Principles for Action to help national and subnational governments address systematic challenges in managing public investment. The Toolkit for Implementation provides practical tools for countries to improve the multi-level governance of public investment.

This work informed the development of a chapter of the OECD Implementation Handbook for Quality Infrastructure Investment, the OECD Compendium of Policy Good Practices for Quality Infrastructure Investment, and G20 work on inclusive infrastructure and addressing regional disparities. As part of our work with the G20, the CFE recently worked with the Asian Development Bank (ADB) to deliver a Policy Toolkit to mobilise funding and financing for inclusive and quality infrastructure investment in regions and cities and we are now developing a report to assess regional disparities in access to basic infrastructure in G20 countries.

The CFE also provides tailored recommendations through country studies, which have recently covered Argentina, Chile, and the Czech Republic.

To support their infrastructure investment, many subnational governments are exploring innovative funding and financing mechanisms, including public private partnerships (PPPs), state-owned enterprises (SOEs), and land value capture mechanisms. The CFE provided an overview of these in the report Unlocking Infrastructure Investment: Innovative Funding and Financing in Regions and Cities in 2021.

Regions and cities are responsible for:

- 40% of total public spending
- 55% of total public investment
- 55% of climate and environment related spending
- 64% of climate and environment related investments
Building capacities for local development

Subnational governments have a wide range of powers and responsibilities. The CFE helps them to deliver effectively by providing practical guidance and training.

Subnational governments develop and deliver policies across a wide range of themes, including, in particular, health, education, employment, infrastructure and climate. They need to develop the skills and systems to design, finance, implement and evaluate their efforts in all these areas.

To support them, the CFE produces thematic reports, including Creating Conditions for Effective Public Investment: Sub-national Capacities in a Multi-level Governance Context, which identified fifteen capacities that enable subnational governments to design and implement sound public investment strategies. Recent work also includes a report on Enhancing Innovation Capacity in City Government, financed by Bloomberg Philanthropies, which provides evidence and guidance on how cities build innovation capacity to respond to residents’ present and future needs.

The CFE also develops tools to support capacity building, for example a recent Self-Assessment Instrument for EU Managing Authorities and a self-assessment tool for Polish municipalities to strengthen local governance, alongside training and workshops for Welsh regional structures and Croatian regional co-ordinators.

The CFE also oversees the Trento Centre for Local Development, which provides bespoke training for subnational governments through its academies, workshops and tailored support for local leaders. Thousands of policy makers and practitioners from over 75 countries have participated to date. In Trento, capacity-building is based on an active, participatory approach, with participants learning from concrete examples in each other’s communities, “field visits” to local initiatives, and via international experts and speakers.

Hundreds of local development practitioners from Latin America have attended our International Summer School on Community and Local Development, which recently celebrated its 10th anniversary. Other activities include the Winter Academy on Tourism Management for UNESCO Designated Sites in Natural Areas, the Summer School on Local Development Strategies and European Projects, and the Summer Academy on Cultural and Creative Industries and Local Development.
Reading list

Key publications

Access the OECD iLibrary: oecd-ilibrary.org

Find out more

www.oecd.org/regional/
Shaping the future of tourism
Designing policies for more sustainable, resilient tourism

Tourism is an important economic sector locally and globally. The Centre is supporting governments in developing recovery measures to build a stronger, more sustainable, and resilient tourism economy.

The tourism sector underpins economic and cultural life for many communities. It also plays an increasingly important role in national economics. Pre-pandemic, tourism directly contributed 4.4% of GDP, 7% of employment and more than a fifth of service-related exports in OECD countries. However, after six decades of sustained growth, the tourism sector now faces major challenges. The sector shed 62 million jobs during the COVID-19 pandemic and the industry has been hit hard by Russia’s war on Ukraine in many countries through reduced tourist flows and higher costs.

Policy makers must now also address longstanding structural issues affecting the sector. One key challenge is recruiting, motivating, and training the sector’s workforce, which for too long has suffered from poor pay and career prospects. Despite the existence of some high paying jobs, tourism workers are often among the lowest paid and most insecure: earnings in hotels and restaurants can be 60% lower than average in some countries.

The sector must also seek to pivot to more sustainable business models, reducing carbon emissions and its impact on the natural environment. Policy makers are adopting new approaches to destination management and looking to promote domestic tourism as a means of reducing transport-related emissions and building resilience.

These issues are covered in OECD Tourism Papers, including Managing Tourism Development to Support a Sustainable and Inclusive Recovery while our biennial publication OECD Tourism Trends and Policies has become an international reference point for the sector, providing a comprehensive overview of the latest developments, challenges, and opportunities in tourism across around 50 OECD countries. The 2022 edition tracks the recovery from the pandemic and how policy makers can support the sector to move to a stronger, more sustainable, more inclusive model.

The CFE also provides tailored advice and recommendations including Tourism strategy support, Tourism policy reviews at national or subnational level and Thematic policy studies.

The CFE are actively engaged in international discussions addressing the future of the sector, and recently produced the G20 Rome Guidelines for the Future of Tourism as well as the OECD Policy Statement - Tourism Policies for Sustainable and Inclusive Growth – which highlight the potential for tourism as an engine for sustainable and inclusive economic growth.

Top OECD tourism destinations
International tourist arrivals, thousands, 2019-21

<table>
<thead>
<tr>
<th>Country</th>
<th>2019</th>
<th>2021</th>
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<tbody>
<tr>
<td>France</td>
<td>80,000</td>
<td>80,000</td>
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<tr>
<td>Mexico</td>
<td>50,000</td>
<td>50,000</td>
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<tr>
<td>Spain</td>
<td>70,000</td>
<td>70,000</td>
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<tr>
<td>Türkiye</td>
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<tr>
<td>Italy</td>
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44 - SHAPING THE FUTURE OF TOURISM
Managing tourism in real time

The adoption of digital tools provides policy makers with new data to understand and manage the tourism sector. The OECD supports governments to establish the right systems and benchmark their performance against other destinations.

Digital technologies present huge opportunities for tourism businesses. The emergence of a digital platform economy across the tourism industry has enabled SMEs – which make up 85% of the businesses in the sector – to reach new customers at low cost. It has also helped improve the customer experience, allowing tourists to compare travel options from around the world, including customer reviews.

Transitioning to these new tools and models demands new skills. The recent CFE report Preparing the Tourism Workforce for the Digital Future provides an overview of the latest trends in the sector’s digital transition, and how to better position it for the future.

Digital tools also offer policy makers new tools to track the health of the sector and the impact of their policies. A CFE survey of OECD and partner countries in 2022 found that more than half of respondents were using new data or experimental methods measure the performance of tourism, including by tracking aviation bookings, bank or credit card transactions, hotel bookings, and mobile positioning data.

For nearly 40 years, the OECD has worked to improve the measurement of tourism’s impact and broader contribution to national economies. As a strong proponent of international standards in the measurement of tourism, the OECD was a main developer of the Tourism Satellite Account (TSA). More recently it has undertaken work on Providing New Evidence on Tourism Trade in Value Added.

The OECD Tourism Statistics Database (OECD. Stat) provides robust, comparable, and timely data on tourism services across OECD member and partner countries. Freely accessible online, it is a single, consolidated, and open source of tourism statistics, with 7 datasets and 48 indicators, covering domestic, inbound and outbound tourism, enterprises and employment, internal tourism consumption and key economic indicators.

The CFE is now working alongside governments and other international organisations through its Working Party on Tourism Statistics to deploy new data sources and techniques to deliver more timely insights and support more responsive policies as well as enhance our understanding of what works.

"During the past three days Global Forum on Tourism Statistics, Knowledge and Policies we discussed which measures were effective in responding to the COVID-19 pandemic, and the role of government and private sector if we are to prepare for another shock in the future. Once again we realise the importance of data innovation and evidence-based policy for a more resilient, sustainable and inclusive growth of the tourism economy."

Mr. Kim Jang-ho – Director General for Tourism Policy, Ministry of Culture, Sports and Tourism
Reading list

Key publications

Access the Tourism Paper series on OECD iLibrary: oecd-ilibrary.org

Find out more

www.oecd.org/cfe/tourism/
Our Committees

The work of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) is governed by its committees and working parties, which are composed of senior civil servants from OECD countries nominated by their governments.
The OECD’s Regional Development Policy Committee

Purpose:
The OECD’s Regional Development Policy Committee (RDPC) works to improve living standards and well-being for citizens from all regions, cities, and rural areas by designing and implementing effective place-based policies. Since its creation in 1999, the RDPC has provided internationally comparable subnational data, and become a leading international forum that informs global debates (UN, G20, COP conferences) on place-based policies. The RDPC is supported by the Working Party on Territorial Indicators (WPTI), the Working Party on Rural Policy (WPRUR), the Working Party on Urban Policy (WPURB), and the Expert Group on Multi-level Governance. It oversees the OECD Water Governance Initiative.

2023-24 priorities

Pillar 1: Place-based policies for a strong, sustainable and inclusive recovery includes work on productivity and innovation to support competitive regions with data and indicators for place-based policies. It explores inclusive growth in regions and cities and works towards developing standards on regional development policy.

Pillar 2: Regional resilience through future proofing, and successful climate and digital transitions supports a place-based approach to climate action and resilience. It explores forward-looking scenarios for regional development and supports a circular economy in regions, cities and rural areas as well as the digital transition.

Pillar 3: Anticipatory multi-level governance and finance to manage megatrends and future shocks enhances governance, capacity and fiscal mechanisms to address regional inequalities and megatrends and explores how to leverage public and private finance for regional development.

“Across the OECD, subnational actors are responsible for more than USD10trillion in public spending a year, which they use to create economic opportunities, invest in infrastructure, and deliver vital public services. For more than 20 years, the RDPC has worked with governments at all levels to develop the frameworks, strategies, and policies to boost their impact, adapt to shifts and shocks and create a brighter future for all places.”

Flavia Terribile - Chair, Regional Development Policy Committee
The OECD Local Employment and Economic Development Programme

**Purpose:**
The OECD Local Employment and Economic Development (LEED) Programme provides practical solutions for how to build vibrant communities with more and better jobs for all. In light of recent shocks and transitions, finding innovative solutions to build resilient local labour markets is more important than ever. Since 1982, the LEED Programme has brought together policy makers and practitioners from around the world to identify, evaluate and disseminate promising approaches to do so. The LEED Programme’s work is steered by a Committee of representatives from ministries of employment and labour, social affairs, economy, and regional development from OECD and non-OECD countries. The LEED Committee also oversees the **OECD Local Development Forum** which was created in 2004 and now connects thousands of members from dozens of countries.

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2023-24 priorities

**Pillar 1: Integrated local development**, includes the 2024 edition of the LEED Flagship publication on Job Creation and Local Economic Development, building on the web portal and further briefs and case studies.

**Pillar 2: Local labour markets: skills supply and demand**, includes numerous country reviews focusing on different areas of local job creation such as the future of work and the green transition, addressing vulnerable groups and promoting lifelong learning.

**Pillar 3: Entrepreneurship, innovation, the social economy and culture**, continues the work framed by the OECD Recommendation on the Social and Solidarity Economy and Social Innovation, work on the 7th edition of “The Missing Entrepreneurs”, and analytical reports and country reviews on culture, creative sectors and local development.

**Pillar 4: Capacity building, peer learning and reforms**, focuses on enhancing the diversity, exchanges and reach of the Local Development Forum and offering peer-learning initiatives through the Capacity Building Programme. This includes various Summer Schools in Europe, Latin America and the Caribbean. It will also continue to facilitate the exchange of experiences between OECD and Southeast Asian countries through the Employment and Skills Strategies in Southeast Asia initiative (ESSSA).

“2022 marks the 40th anniversary of the OECD LEED Programme. Born out of a previous job crisis, LEED has always worked at the cutting edge of local development, taking on topics such as women’s entrepreneurship, the social economy, skills use, and culture before they became mainstream. Today, as we emerge from another crisis, LEED has never been so relevant. To respond to today’s challenges and those ahead, LEED will continue to help governments at all levels create good jobs in great places.”

Denis Leamy - Chair of the OECD LEED Directing Committee
Tourism Committee

Purpose
Since 1948, the Tourism Committee has worked with governments across OECD countries to optimise the economic, social and environmental benefits of tourism. It does this through monitoring policies, trends and structural changes, and providing policy makers with concrete analysis and advice. Tourism has been hard hit by the COVID-19 pandemic, and the work of the Tourism Committee, and its Working Party on Tourism Statistics, has never been more relevant and in demand, as governments work to optimise the strength and quality of the recovery.

2023-24 priorities

Pillar 1: Monitoring and evaluating tourism policies for stronger performance, and database on tourism economics includes the 2024 edition of the publication “OECD Tourism Trends and Policies”, which is an international reference and benchmark on how effectively countries are supporting competitiveness, sustainability, innovation and growth in tourism.

Pillar 2: Fostering tourism recovery and resilience to prepare the tourism economy for the future focuses on policies that will strengthen the tourism workforce, an area of great concern following the COVID-19 crisis.

Pillar 3: Supporting sustainable and inclusive tourism development aims to accelerate the transition and adaptation to a green tourism economy and build a strong policy framework for sustainable tourism development and destination management.

Pillar 4: Tailored policy advice and implementation support to increase knowledge about the effective design and evaluation of tourism policies includes the promotion of evidence-based lessons and good practices and providing policy insights on reforms, strategies and issues high on the tourism policy agenda.

“The COVID-19 crisis has been a stark reminder that tourism is hugely important to our economies and well-being. The Tourism Committee’s analytical work is insightful, evidence-based and highly respected, and as Chair, I believe the Committee is uniquely positioned as a leading forum to support governments to define their strategic options in areas critical to the future of tourism.”

Sergio GUERREIRO - Chair, Tourism Committee
The OECD Committee on SMEs and Entrepreneurship

Purpose
The OECD Committee on SMEs and Entrepreneurship (CSMEE) was created in 2021. It works to boost SME productivity and innovation and tackle the barriers that SMEs face in accessing finance, international markets and skills. It also supports SMEs to overcome the challenges associated with going digital and greening. CSMEE work is supported by the Steering Group on SME and Entrepreneurship Financing, which gathers SME financing experts from around the world to discuss ongoing trends, data and analysis and emerging issues on SME finance and exchange views, information, and good practices to enhance resilience in SMEs.

2023-24 priorities

Pillar 1: Strengthen SMEE to drive the recovery and inclusive growth, including the analysis of framework conditions, policy mixes and ecosystems supporting a vibrant pipeline of start-ups and entrepreneurs. It fosters innovative and inclusive entrepreneurship and enhances the productivity, growth, and resilience of SMEs.

Pillar 2: Enable SMEE to adapt to and benefit from major transitions by identifying the main barriers and opportunities to the transformation challenges faced by SMEs and entrepreneurs, including the access and use of strategic resources such as new skills. It supports SMEs and entrepreneurs in the transition to the digital and green economies as well as on global value chains and markets.

Pillar 3: Improving the evidence-base for SMEs and Entrepreneurship policy making by providing analysis, indicators, statistics and guidance, to support the monitoring and evaluation of policies, develop recommendations and identify best practices in evidence-based policy making.

“There are more than 40 million SMEs across the OECD, creating the new jobs and innovations that drive progress as well providing the goods and services that we depend on. And there are many more potential entrepreneurs waiting in the wings. The CSMEE plays a unique role within the OECD and the international community in providing data, evidence, and policy solutions to enable them to thrive. One of the CSMEE’s great strengths – and one I am personally proud of - is its ability to draw in the views of SMEs themselves to ensure that we are focusing on the most important issues and proposing practical solutions that meet their needs.”

Martin Godel, Switzerland - Chair, the Committee on SMEs and Entrepreneurship
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