REGIONAL DEVELOPMENT STRATEGIES IN OECD COUNTRIES
Trends and Tools

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Introduction

• What’s happening in OECD regions?
• Regional development objectives
• Trends in regional development
• Governance tools
• Conclusions
What’s happening in OECD regions?: Growth and Disparities

• Growth is concentrated in a few leading regions

*Regional concentration of GDP growth among top 20% regions with highest GDP growth rates (2000-2013)*
What’s happening in OECD regions?: Growth and Disparities

- Growth is not always strongest in urban regions

**GDP annual growth rate by type of TL3 regions, 2000-13**
What’s happening in OECD regions?: Growth and Disparities

• No general pattern to changes in inequalities

Gini index of inequality of GDP per capita across TL3 regions, 2000 and 2013
What’s happening in OECD regions?: Well-being dimensions

- Well-being is not uniform across regions

Disparities in well-being dimensions among TL2 regions in all OECD countries, 2003 and 2014. Theil index
Regional development in OECD countries: Country objectives

- Competitiveness, Growth and Inclusiveness

**Regional development policy:**
*Countries rating objectives as high priority*

- Increase competitiveness of all regions (i.e. global growth)
- Increase competitiveness of lagging regions
- Achieve balanced growth
- Provide reasonable access to public services
- Reduce interregional disparities
- Revive distressed areas (industrial shocks)
- Foster rural-urban linkages
- Build capacity for local/regional governments
- Address environmental and climate change issues
- Increase accessibility of peripheral areas
- Reduce intraregional disparities
- Revive distressed areas (population shocks)

![Bar chart showing number of countries rating objectives as high priority]
Regional development in OECD countries: Country trends

• Focus on competitiveness and productivity drivers
  – Business development
  – Fostering innovation
  – Promote investment rather than subsidies

• Reduce inter-regional inequalities
  – Support lagging regions
Regional development in OECD Countries: Country trends

• Promote urban-rural linkages
  – Support integrated development policies between urban and rural areas
  – Recognition of complementarities
  – Definition or redefinition of rural-urban systems

• Strengthen subnational governance and capacity
  – Support resource availability and capability
    • Fiscal/financial capital, human resources, infrastructure
  – Promote greater vertical and horizontal coordination
  – Consider metropolitan governance arrangements where appropriate
Regional development in OECD countries: Governance tools

• Framework policies are common, especially in Europe
Regional Development in OECD Countries: Governance tools

Strategy
Where are we going?

Policy(-ies)
How are we getting there?

Programs
What takes us there?

National Strategy for Regional Development

Decentralisation Policy

Sector Decentralisation: Decentralisation programmes/plans
Regional development in OECD countries: Governance tools

- Responsibility for regional, urban and rural development policy is most often split among ministries or national level bodies.

Czech Republic, Estonia, Finland, France, Ireland, Japan, Luxembourg, Poland, Slovak Republic

Denmark, Iceland, Netherlands, New Zealand, Switzerland

Austria, Israel, Korea, Mexico, Norway, Sweden

Hungary
Regional Development Agencies

- Accountable to central or regional government, or to a public-private board
- In the OECD most are regionally managed
- Objectives range from
  - Administering a range of sector programmes and building complementarities
  - Sector specialisation (e.g. business development and innovation)
- Funding varies
  - 40% of surveyed RDAs have multi-level funding (in Europe).
Regional development in OECD countries: Governance tools

Vertical co-ordination instruments to support regional investments

The country has a mechanisms to ensure co-ordination across levels of governments: RDAs, national representatives appointed in SNGs, and contracts or agreements

- a. None of these
- b. At least one of these mechanisms
- c. At least one of these mechanisms involving several sectors

Multi-level dialogue to define investment priorities for regional development

The country conducts regular dialogue(s) between national and sub-national levels on regional development policy including investment priorities

- a. No platform to conduct regular dialogue
- b. Formal or ad hoc platforms to dialogue on regional development and investment priorities
- c. The platform for dialogue has decision-making authority
Regional development in OECD countries: Governance tools

• Deconcentration
  – Trend toward delegating more powers and/or strengthening institutional capacity

• Reforming sub-national levels
  – Boundaries based on functional areas
  – Number of subnational tiers and/or administrative areas
  – Competence attribution
Regional development in OECD countries: Governance tools

- Multi-level governance reform in three dimensions

- **Institutional** reorganising powers, responsibilities and resources

- **Territorial** reorganising territorial structures

- **Public management**: reorganising administrative processes

Countries: Japan, New Zealand, Finland, France, Italy
Regional development in OECD countries: Conclusions with respect to Ukraine

- Significantly “on trend” with OECD countries
  - Focus on competitiveness, inclusiveness and well-being
  - National level strategic framework and policy cascade
  - Addressing administrative boundaries and levels
    - Discussion regarding number of rayon
    - Hospital districts
  - Building sub-national capacity with decentralisation tools
    - Newly amalgamated communities and inter-municipal cooperation
    - Fiscal decentralisation for greater resource capacity
    - Supporting urban-rural linkages
    - Strengthening potential of rural and possibly lagging areas
  - Resulting in expected greater:
    - Competitiveness and well-being in communities
    - Investment in service and infrastructure
Thank you