

Visioonikonverents

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OECD valitsemise ja strateegilise
planeerimise üksuse juht

Regionaalsed tuleviktrendid Euroopa riikides



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tuleviku heaks

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TRENDS IN REGIONAL DEVELOPMENT

OECD AND EUROPEAN COUNTRIES

LOCAL GOVERNMENT 2035 CONFERENCE
Ministry of Regional Affairs and Agriculture
Republic of Estonia
Tallinn, Estonia
8 November

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<https://www.oecd.org/regional/governance/>



Overview

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Three trends in regional development

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Policy priorities and multi-level governance trends to address inequalities and build resilience

3

Conclusion



Three trends in regional development



Three trends in regional development



Persistent inequalities



Demographic change



A triple transition with societal impact



Trend 1: inequalities persist in many OECD countries

Trends at the regional level

Trends at the national level

Above OECD mean GDP per capita



- Austria
- Finland
- Germany
- Netherlands
- Norway

Converging to OECD mean GDP per capita



- Korea
- Latvia
- New Zealand
- Türkiye

Diverging from OECD mean GDP per capita



- Greece
- Portugal
- Spain

DECREASING REGIONAL INCOME INEQUALITY



INCREASING REGIONAL INCOME INEQUALITY



- Belgium
- Denmark
- France
- Japan
- Sweden
- UK
- USA

- Czech Republic
- **Estonia**
- Hungary
- Lithuania
- Poland
- Slovakia
- Slovenia

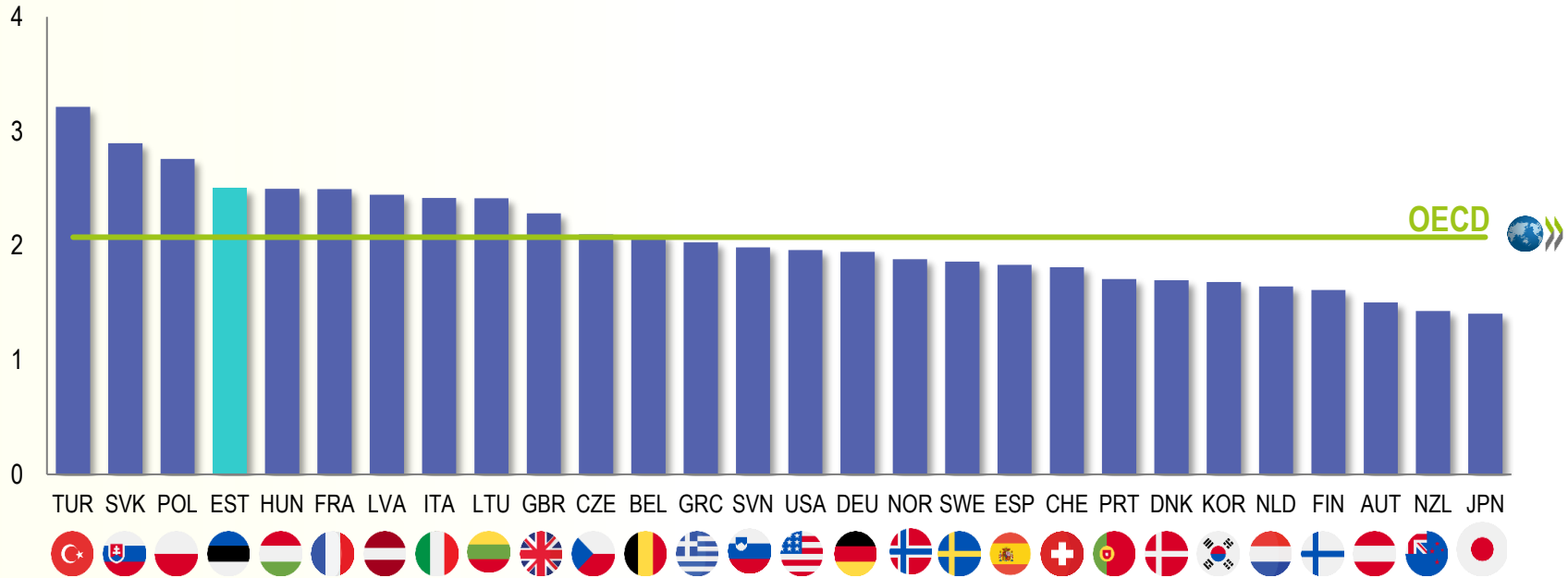
- Italy

Source: OECD Regional Outlook 2023



Regional economic inequalities remain large

Regional GDP per capita of top 20% over bottom 20% (latest available year)



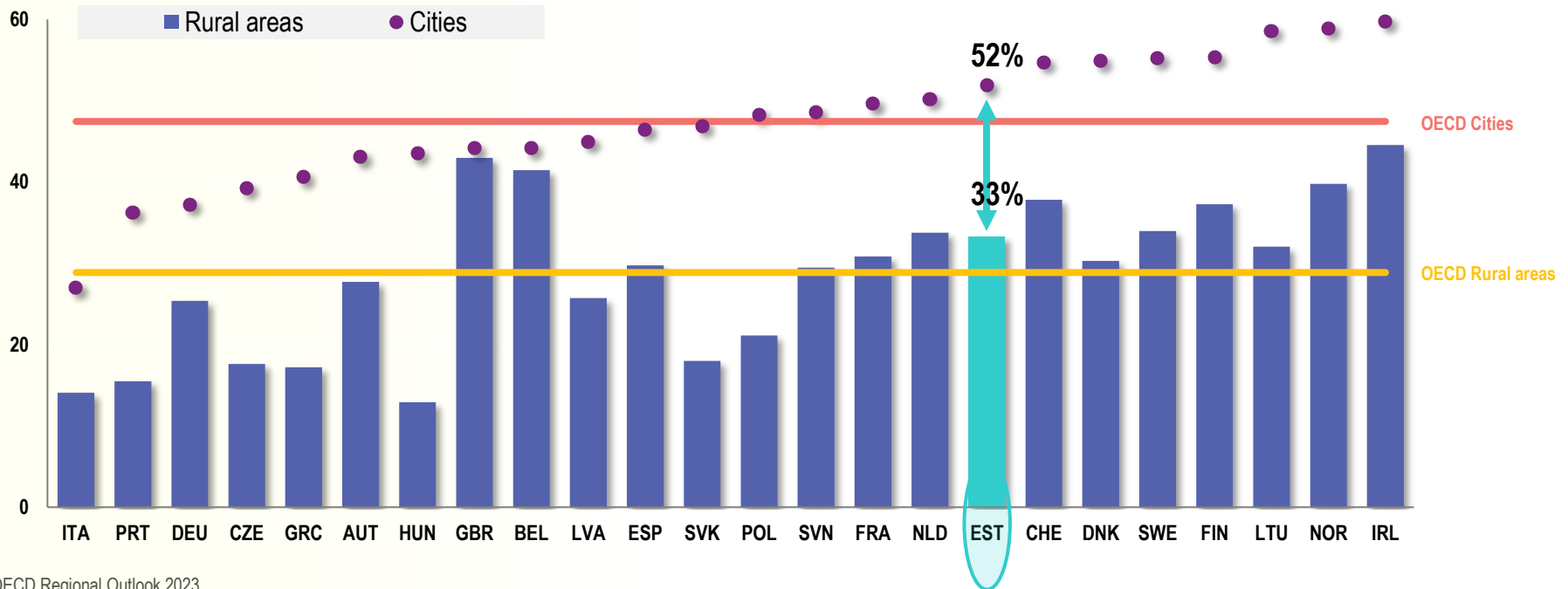
OECD

Source: OECD Regional Outlook 2023



Regional inequalities stretch beyond economic outcomes, including education

Share of adults with tertiary education in cities versus rural areas, 2020 (%)

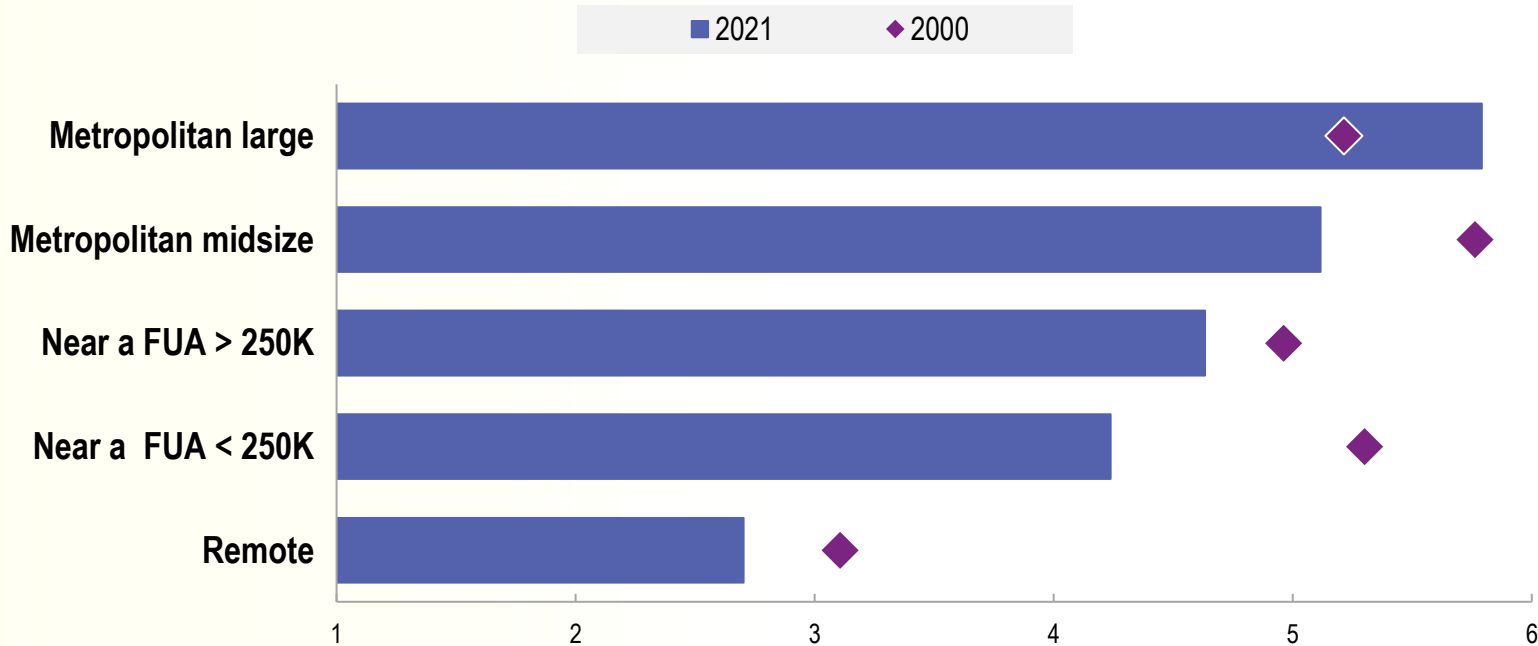


Source: OECD Regional Outlook 2023



Regional disparities persist in healthcare as well

Hospital beds per 1 000 people, 2000-2021



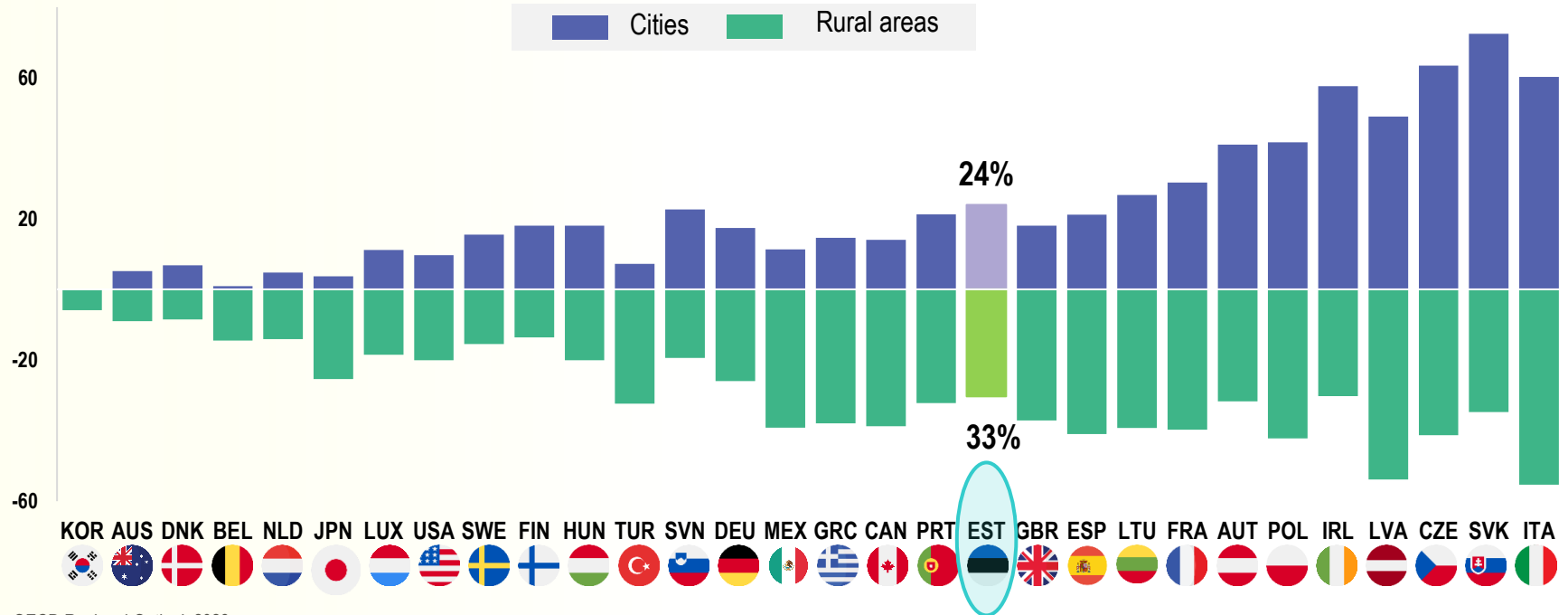
Source: OECD Regional Outlook 2023



... and in access to quality digital infrastructure

City-rural gap in access to high-speed internet, 2020

Fixed internet speed, % deviation from country average

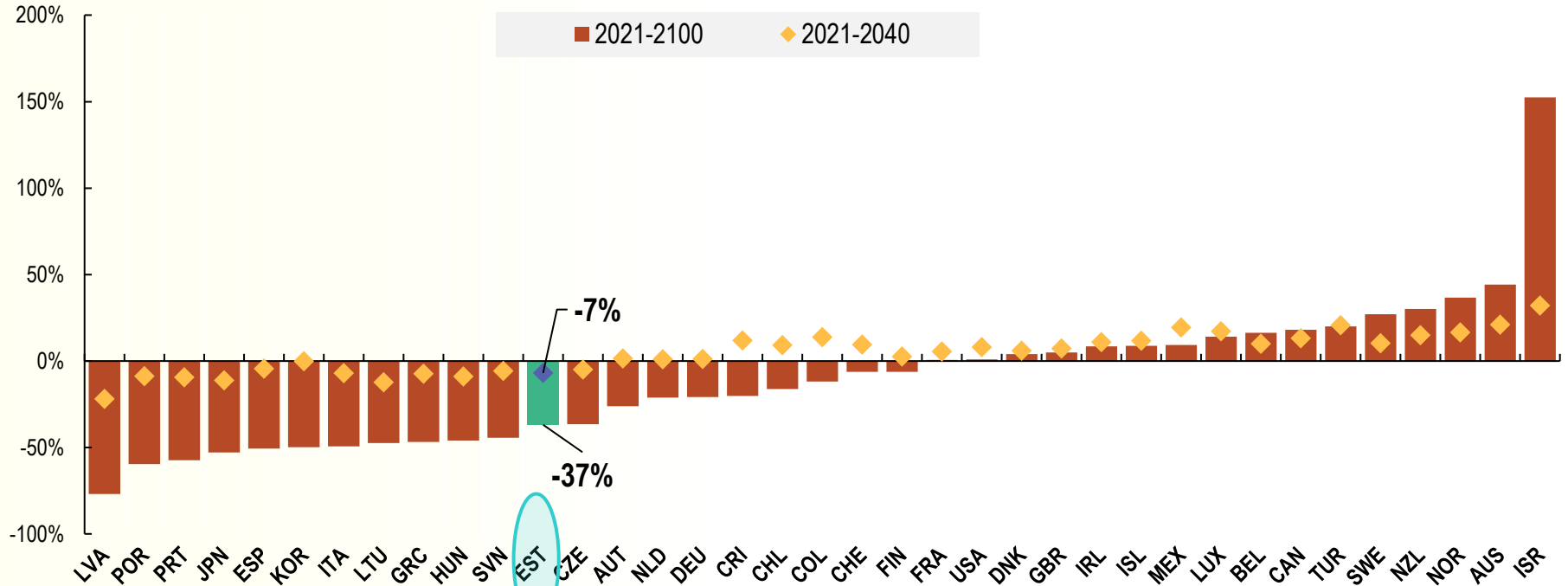


Source: OECD Regional Outlook 2023



Trend 2: Many countries face shrinking populations

Medium- and long-term population projections, OECD countries, 2021-2100



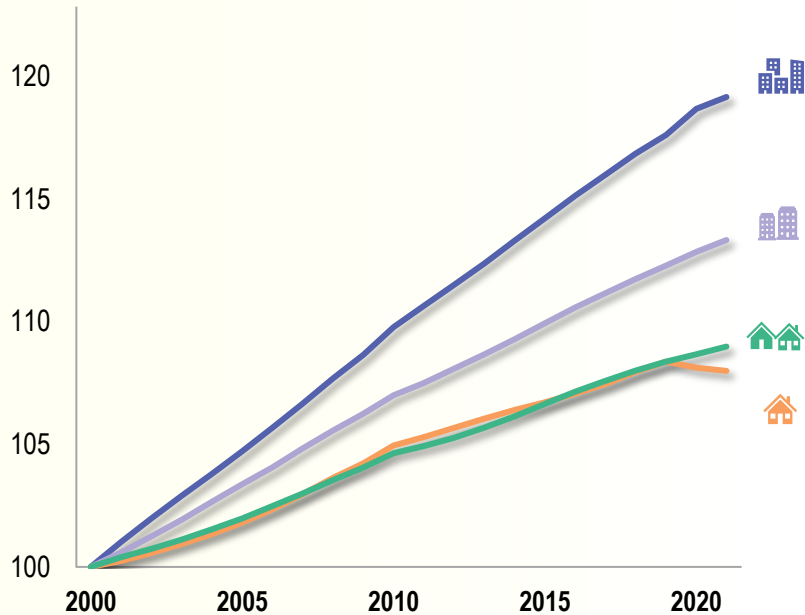
Source: OECD Regional Outlook 2023



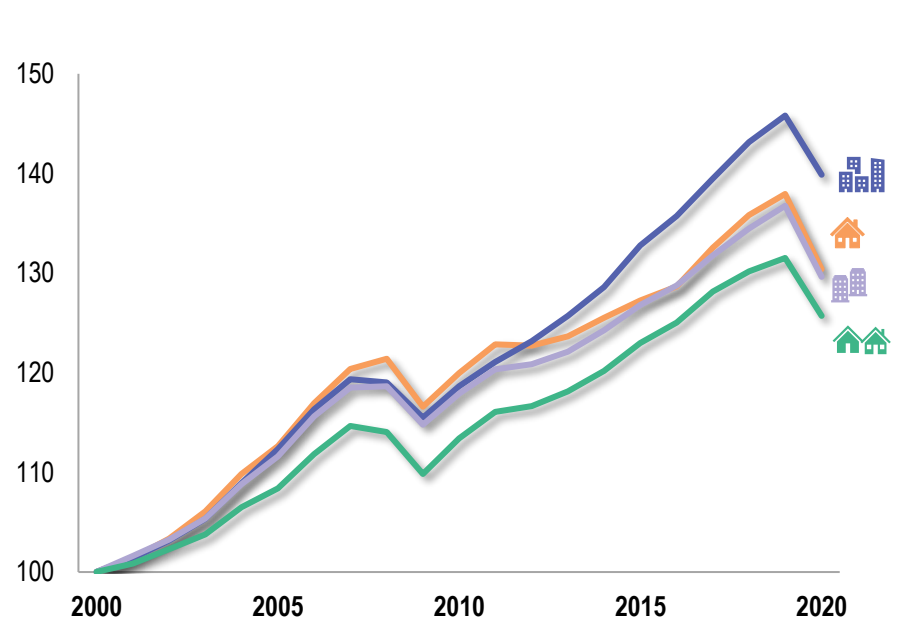
Many metropolitan regions are surging ahead...

Metropolitan large Metropolitan midsize Near a FUA>250K Far from a FUA>250K

Population growth by types of regions, 2000-21



GDP growth by types of regions, 2000-20

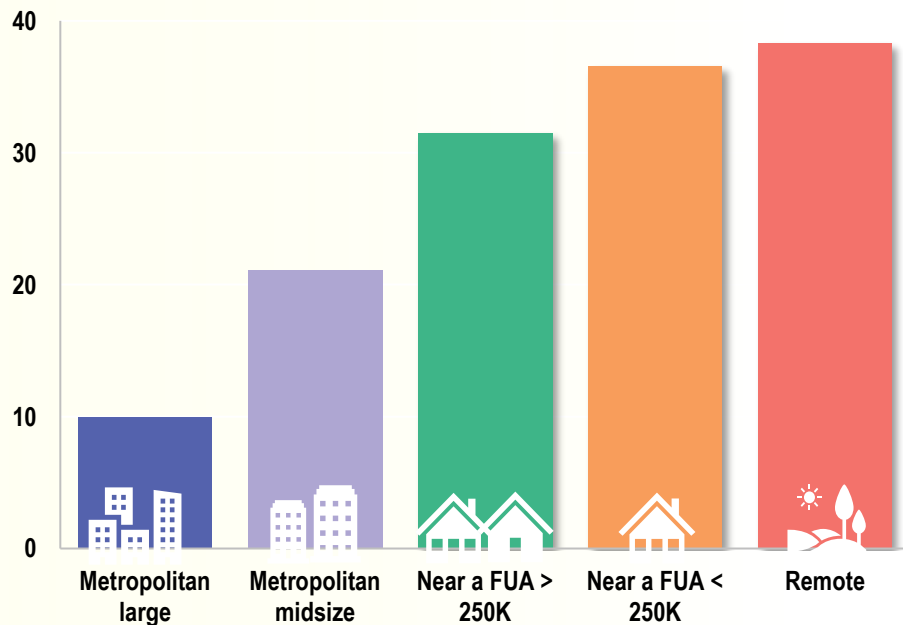


Source: OECD Regional Outlook 2023



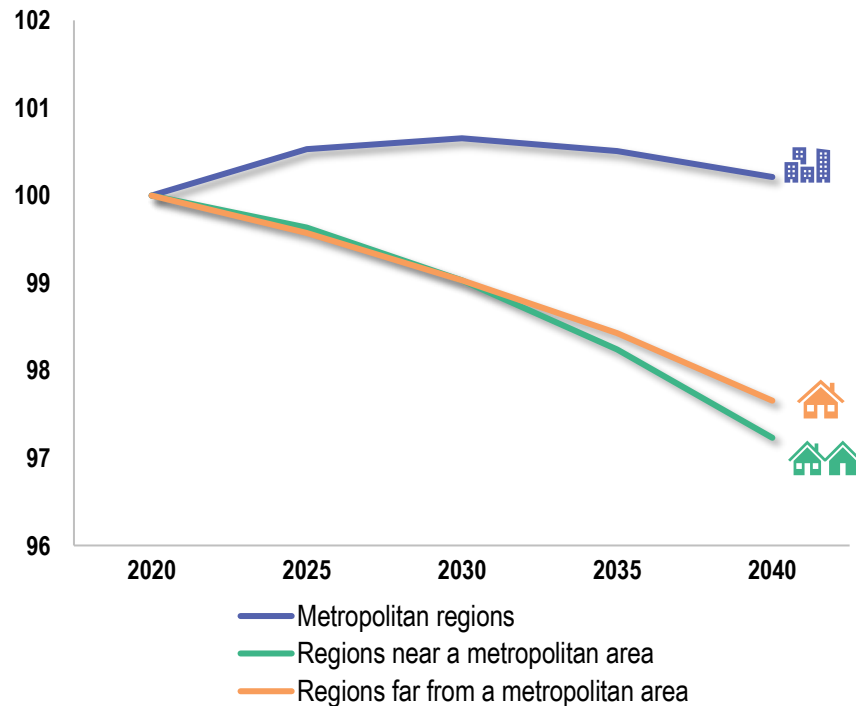
...while many other regions are shrinking

Share of shrinking regions (%), 2001-21



Projection of total population relative to levels in 2020

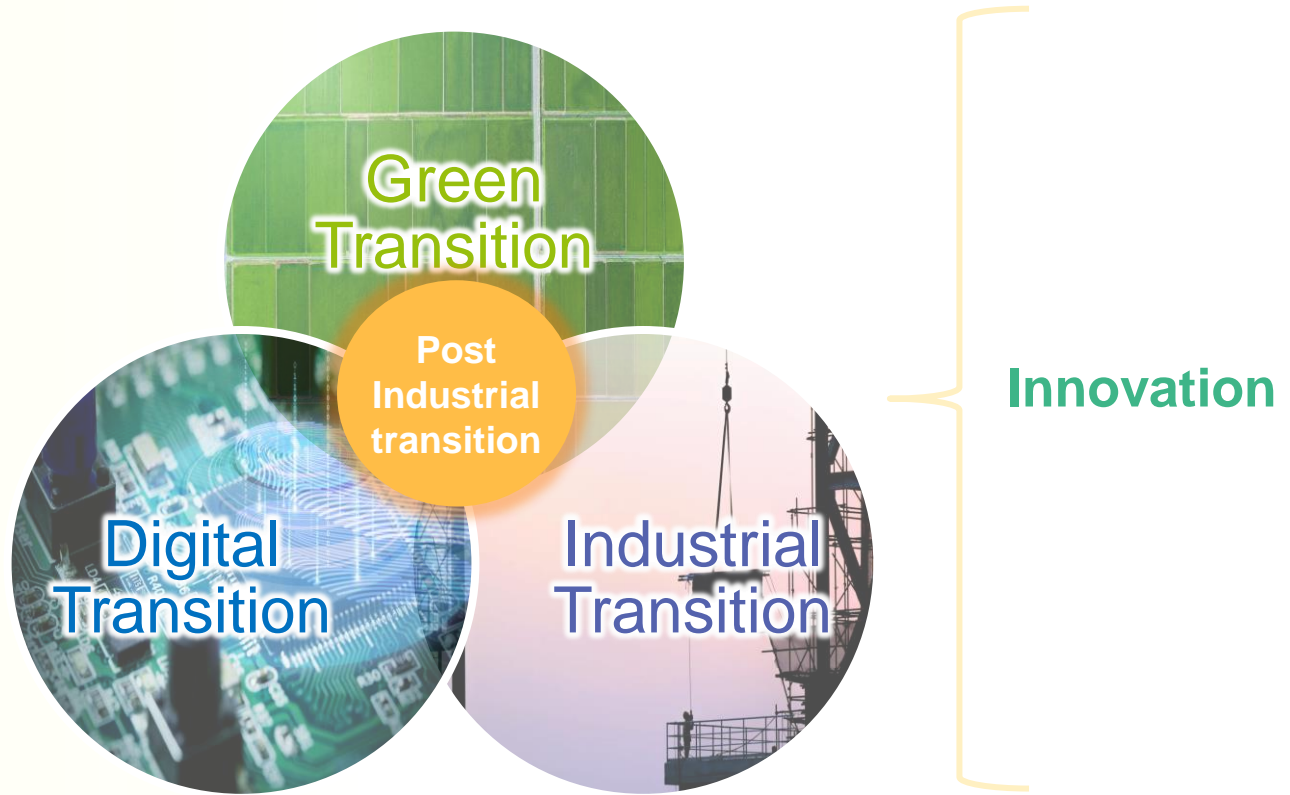
2020-2040 (2020 level = 100)



Source: OECD Regional Outlook 2023



Trend 3: Triple transitions with societal and equity implications

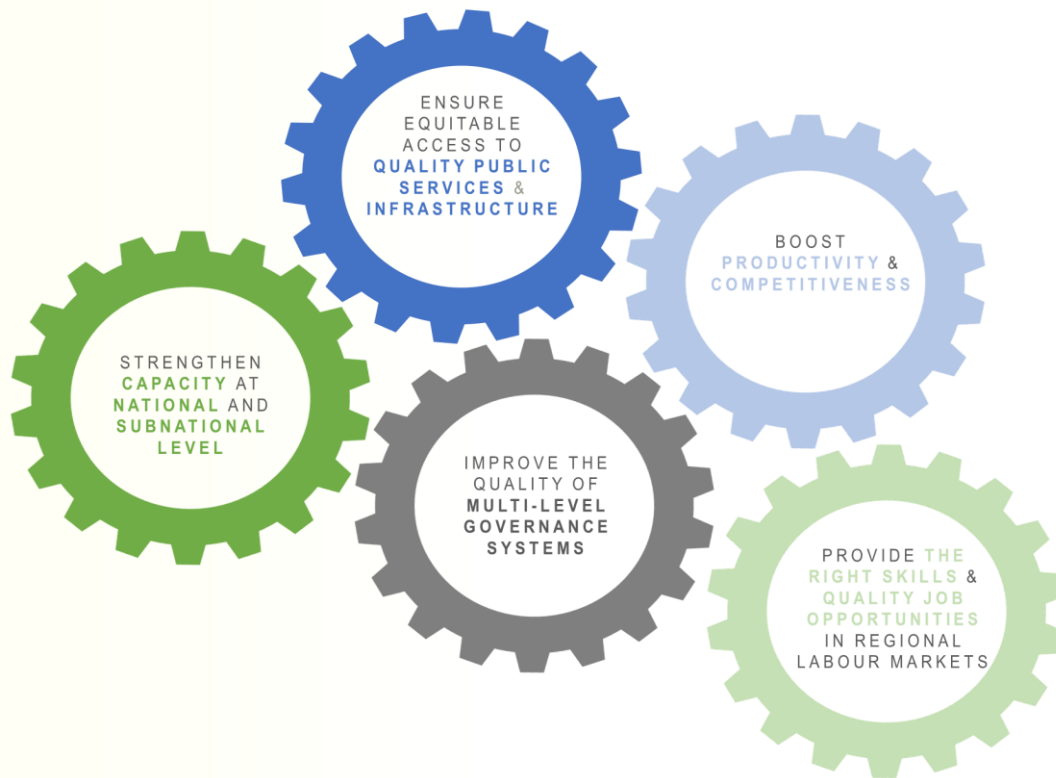




Policy Priorities and Multi-level Governance Trends to Address Regional Inequalities and Build Resilience



Policy Roadmap: Five priorities to boost performance in all regions



Source: OECD Regional Outlook 2023



Multi-level governance levers to address uncertainty, transition and change

Fiscal Systems and Investment

- Ensure subnational fiscal frameworks and grant allocation mechanisms can respond to changing local needs
- Permit leveraging private investment to support infrastructure
- Subnational governments should aim to expand their revenue bases
- Spend and invest at the proper scale

Strategic Planning and Implementation

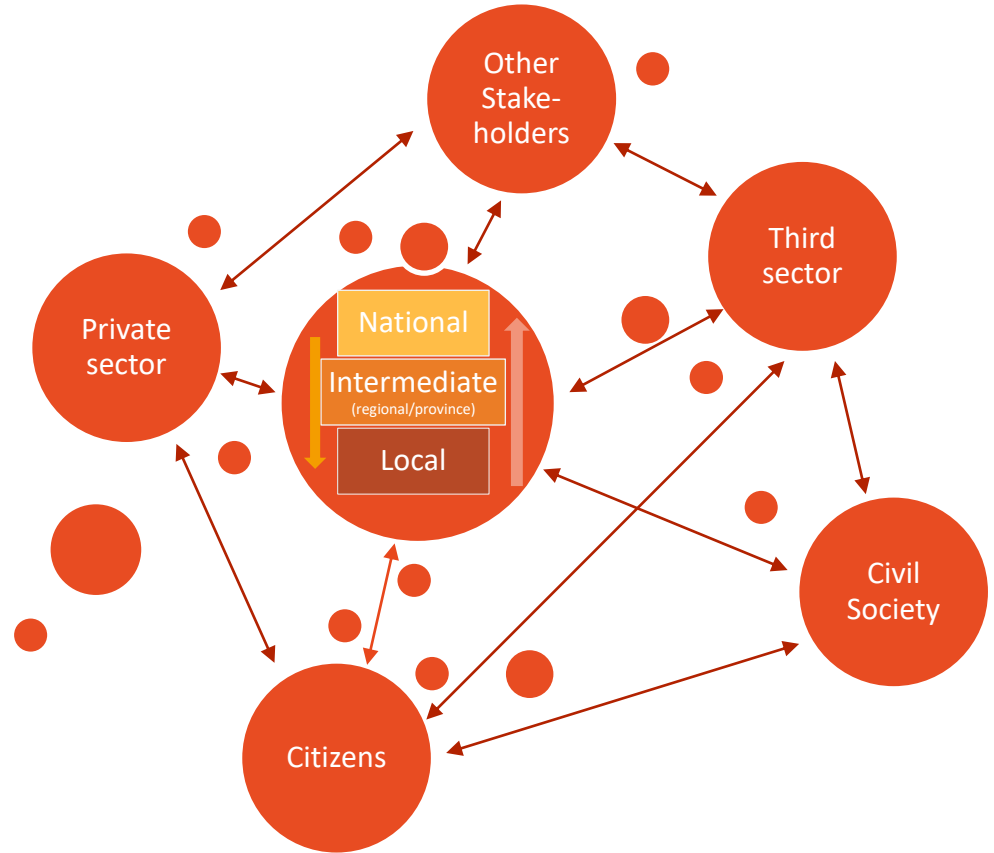
- Incorporate foresight and vision setting into strategic planning processes
- Consider experimental governance approaches when appropriate
- Reinforce evidence gathering, monitoring and evaluation, accountability and transparency, communication

Institutional Capacity

- Support regional and local governments to be well-rounded administrations – including innovation and risk-taking capacity
- Strengthen co-ordination and collaboration
- Build engagement capacity of officials and stakeholders



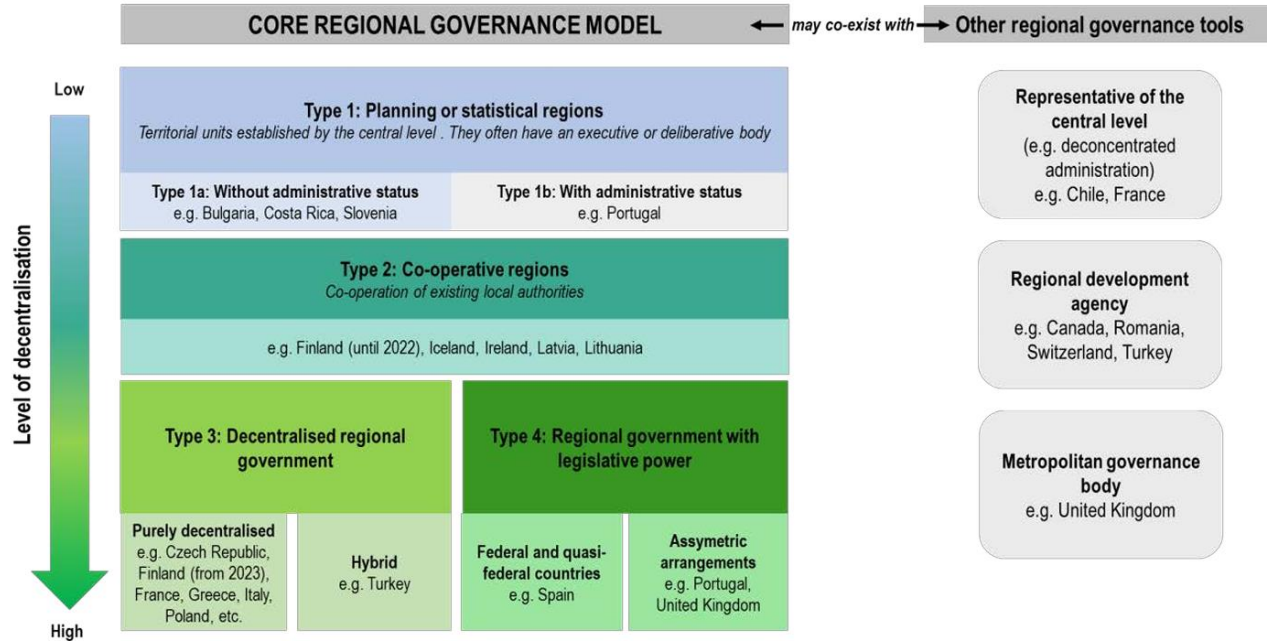
Multi-level Governance: trending from vertical to networked





Multi-level governance: Considering a typology of regions

Regional Governance Models in the OECD and European Union



OECD (2022), *Regional Governance in OECD Countries: Trends, Typology and Tools*, OECD Multi-level Governance Studies, OECD Publishing, Paris, <https://doi.org/10.1787/4d7c6483-en>



Multi-level governance: Reinforcing foresight in the strategic planning cycle



Territorial foresight



- **Multi-faceted** and consider the economic, social, environmental and political dimensions
- Look beyond administrative boundaries to consider the **multiple connections** a region shares with neighbouring regions and other parts of the world.
- A tool to **reconcile** different perspectives and priorities among actors of the same region

In a territorial foresight exercise, regional actors **ponder key questions that imply different assumptions, biases and trade-offs,**

- **Estonia:** Imagining potential futures for Central and Southern Estonia in foresight workshops to feed into the Regional Development Agreements of the two pilot regional councils.
- **Wales:** Envisioning Wales in 2037 with citizen survey and stakeholder workshops



Multi-level governance: Balancing planning and implementation

Strategic planning is essential for policy making

It can:

- Provide a **roadmap** for joint action toward clear objectives.
- Support effective **resource allocation**.
- Provide a **benchmark** to measure performance against.
- Create a **point of reference** for engagement, partnership and investment.
- Support clear **communication** with stakeholders.
- Promote **preparedness** for change and shocks.

Plan but don't forget to implement



Policy makers need to ensure the right conditions for implementation.



Clear understanding of who can and/or should act, and why



Continued leadership and commitment to achieve results



Availability of necessary resources (e.g. financial, human)



Co-ordination and engagement of relevant stakeholders



Monitoring and evaluation oriented towards policy learning



Multi-level governance: Taking engagement to new levels

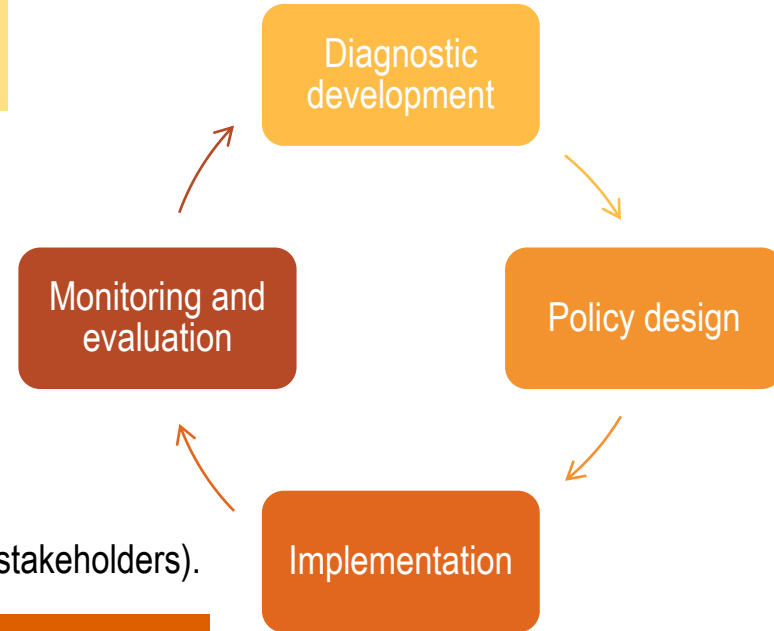
Proactive stakeholder engagement can add value to each **stage of the public policy cycle**.

If well-designed and executed, **co-creation and implementation of public policy and service delivery can:**

- Enhance trust in government
- Support to cost-effective policy intervention
- Help identify innovative solutions
- Increase ownership and compliance

Engagement methods should be tailored to the policy context (incl. stakeholders).

Informing → Consulting → Involving → Collaborating → Empowering





Multi-level governance: Experimental governance practices

What it takes



EXPERIMENTAL



COLLABORATIVE



LEARNING

Why it is valuable



Builds capacity for flexibility and adaptability among policy makers and stakeholders



Helps policy makers “start small” before “going large”



Promotes active governance arrangements, including co-producing, consulting and expanding the parameters of action



Can support and advance integrated or cross-sector policy design



Can pay dividends and should be viewed as an investment but requires patience and time to see results



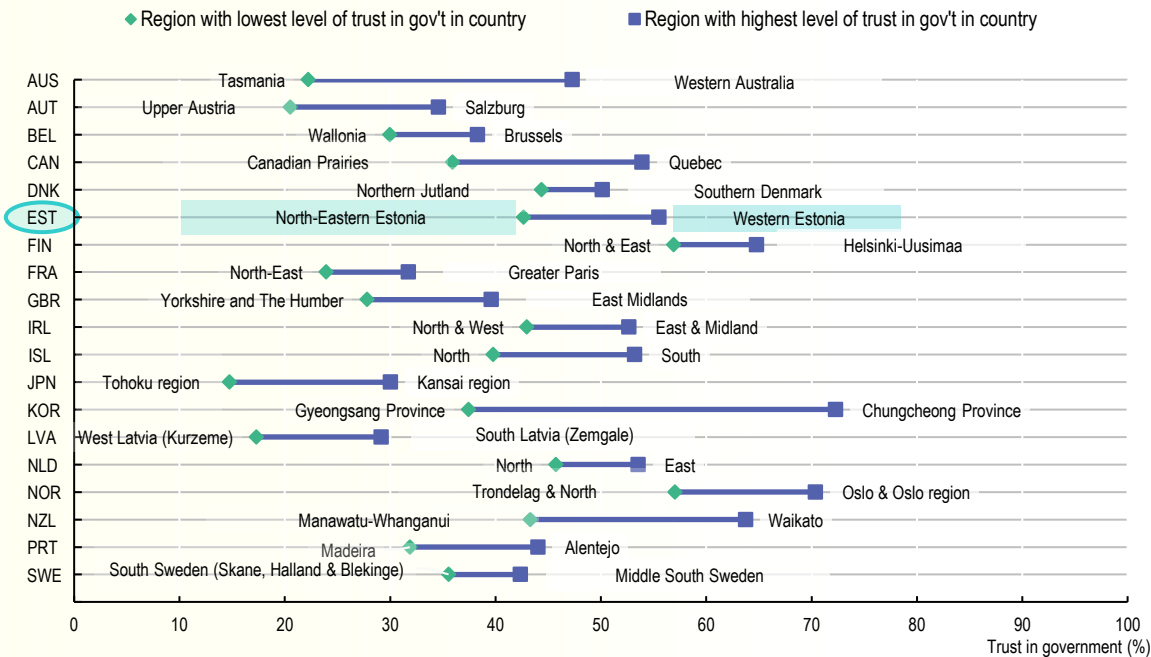
Thinking about the Future



Reducing the risks of a geography of inequalities

Trust in national governments in OECD regions

% with the highest and lowest level of trust by country



Many OECD countries have **wide regional disparities in trust**

- Lowest in Sweden and Denmark
- Highest in Australia and Korea

In OECD countries, **trust in different levels of government also varies** (e.g., trust in regional and local authorities across EU Member States was nearly 10% higher than trust in national governments)

Factors supporting regional levels of trust include:

- Quality local services
- Labour market opportunities
- Long-term economic growth

Source: OECD (2022), Building Trust to Reinforce Democracy: Main Findings from the 2021 OECD Survey



Future proofing for more resilient regions

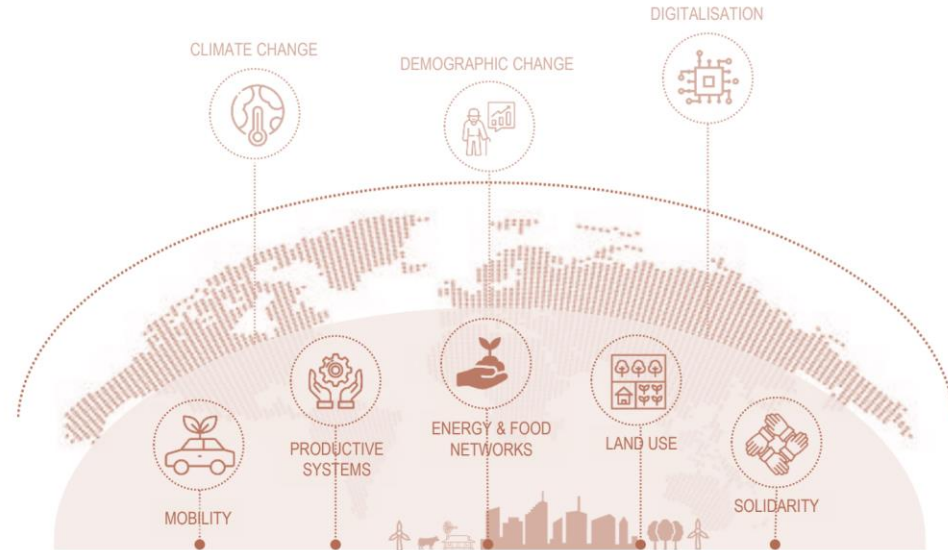
New forms of **mobility**

Transformed **productive systems**

Place-based, **carbon-free energy and food networks**

Shifts in **land use balance and relationship to nature**

Poverty and new **solidarity** models



Source: OECD Regional Outlook 2023



Conclusion



Final notes



Regional inequalities are not inevitable.



Shrinking and transition is inevitable.



Addressing today's leading trends should be a **political and administrative priority**



5 distinct but related **policy levers** can help address inequalities



Multi-level governance arrangements are fundamental



Managing the future will require reconsidering the present



THANK YOU!

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