



# REGIONAL DEVELOPMENT POLICY IN THE GLOBAL ECONOMY

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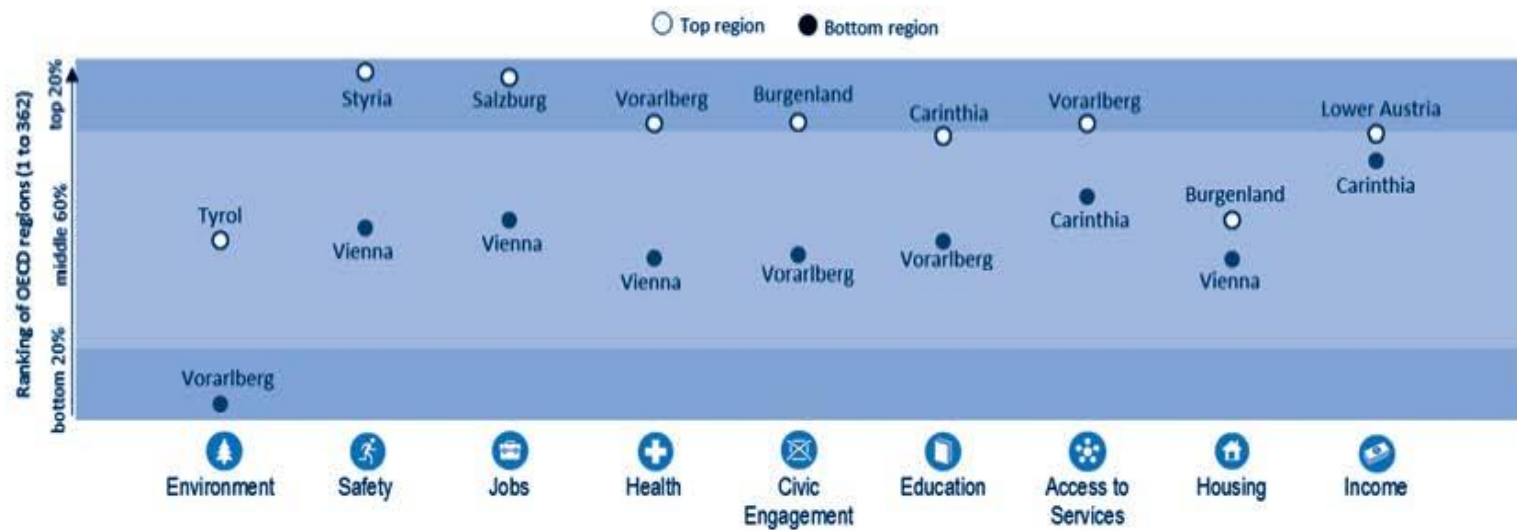
The policy context:  
An important role for an improved regional  
policy

# How should we measure policy success?

## Going beyond GDP to look at regional well being

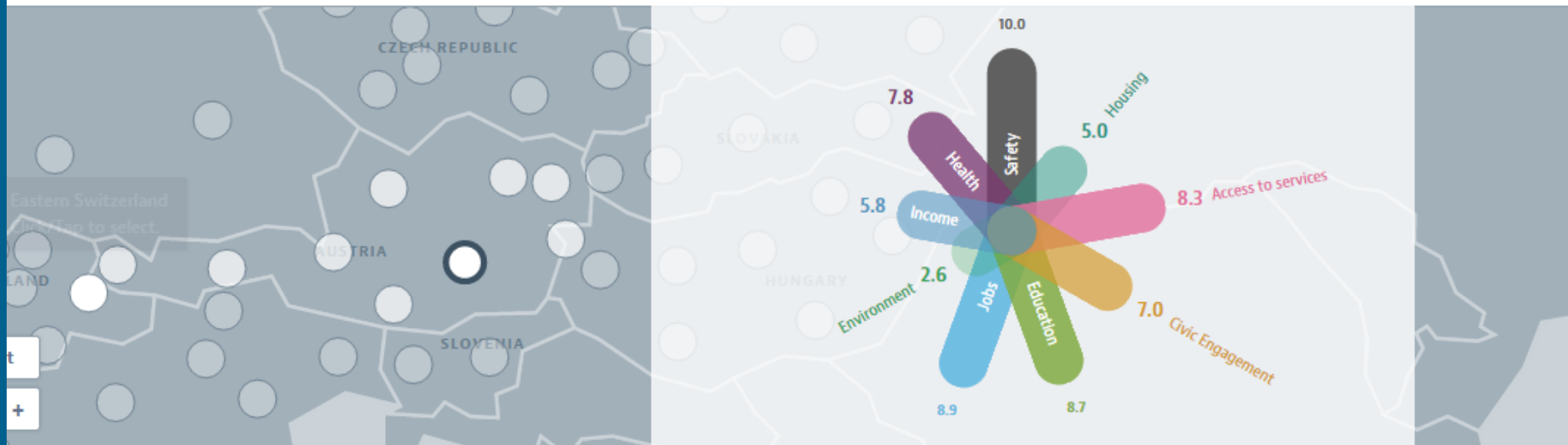
jobs, safety, health, education, engagement, housing, income, environment, services

Relative performance of Austrian regions by well-being dimensions



# ...the example of Styria

## Styria



Explore the map to find out how life is across OECD regions and discover regions with similar well-being.

Each region is measured in nine topics important for well-being. The values of the indicators are expressed as a score between 0 and 10. A high score indicates better performance relative to the other regions.

Help

### Regions with similar well-being *in other countries*



Germany  
Baden-Württemberg



Netherlands  
West Netherlands



France  
Alsace



Japan  
Southern-Kanto

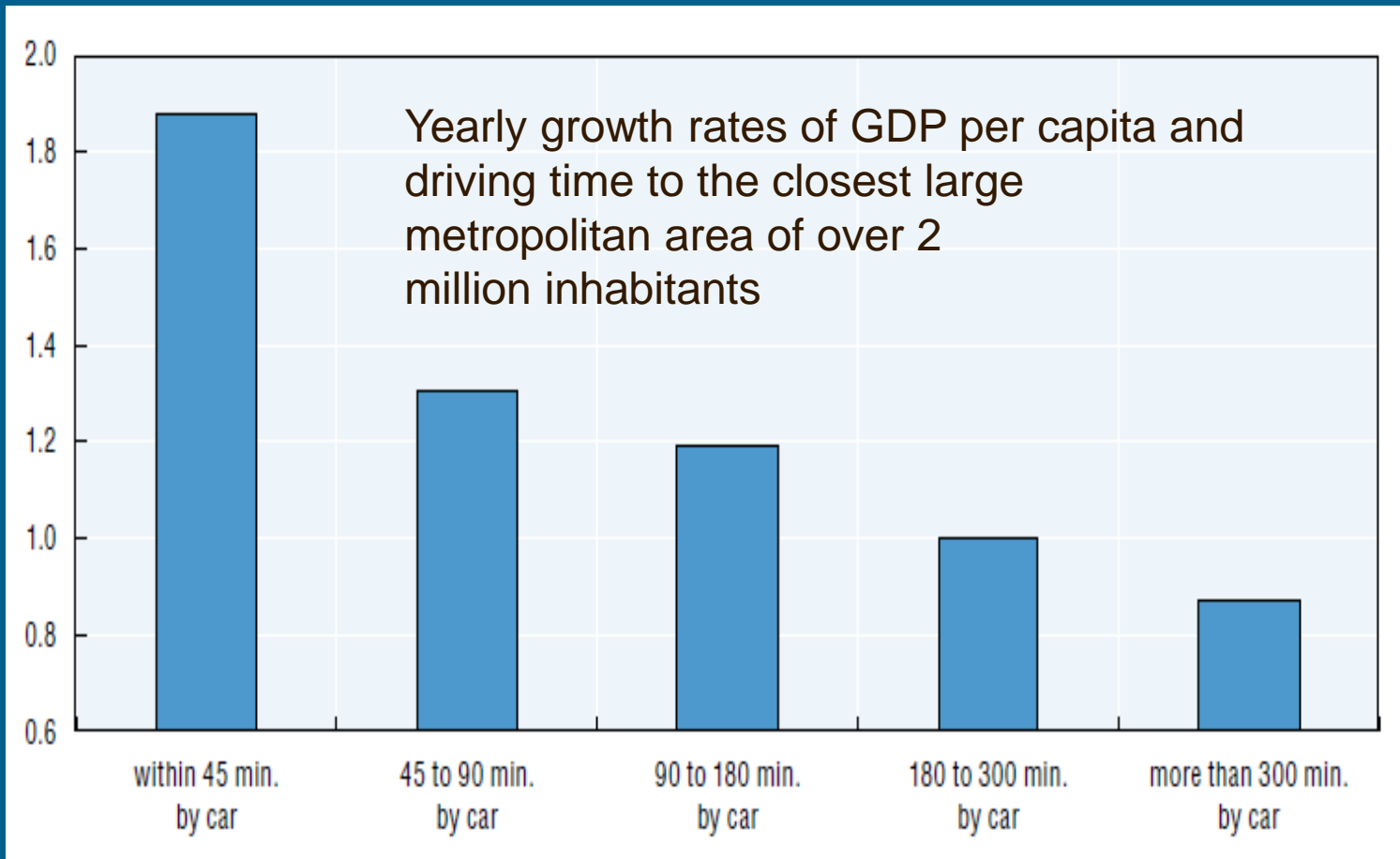
# The basic principles for an effective regional policy

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- Use of regional specific assets
- Creating complementarities among sectoral policies at the regional (or local) level
- Use of multi-level governance mechanisms for successful implementation

What does the data show about regional performance?

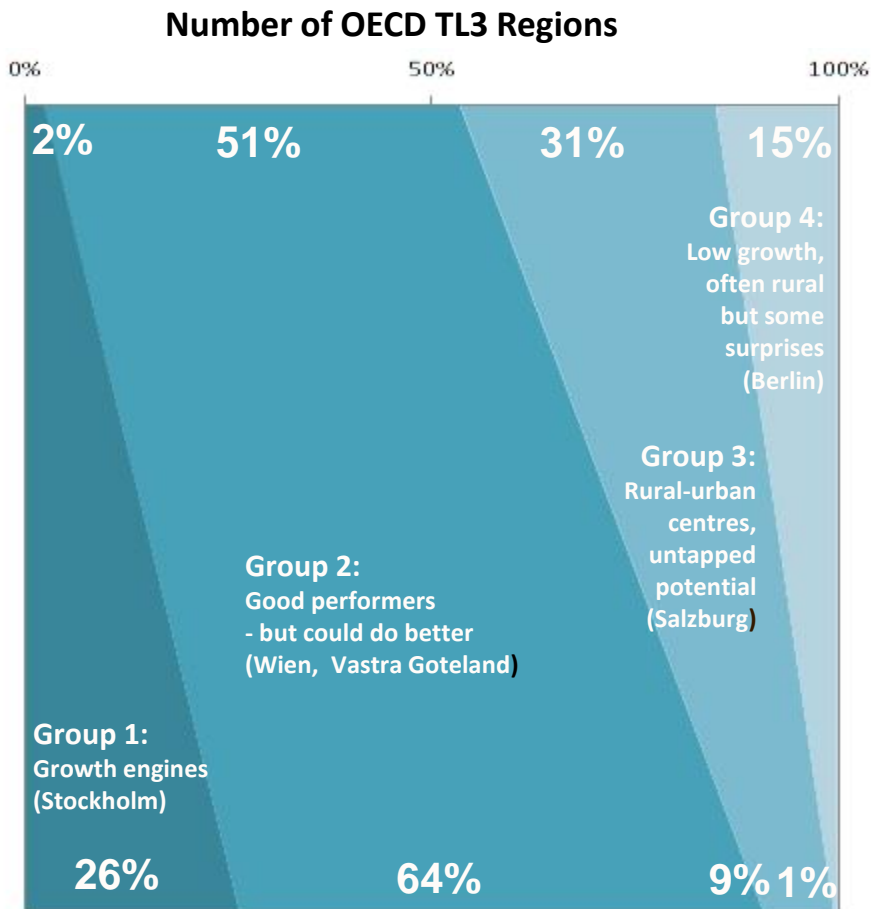
**Example:**  
**Economic growth increases with proximity to large cities**



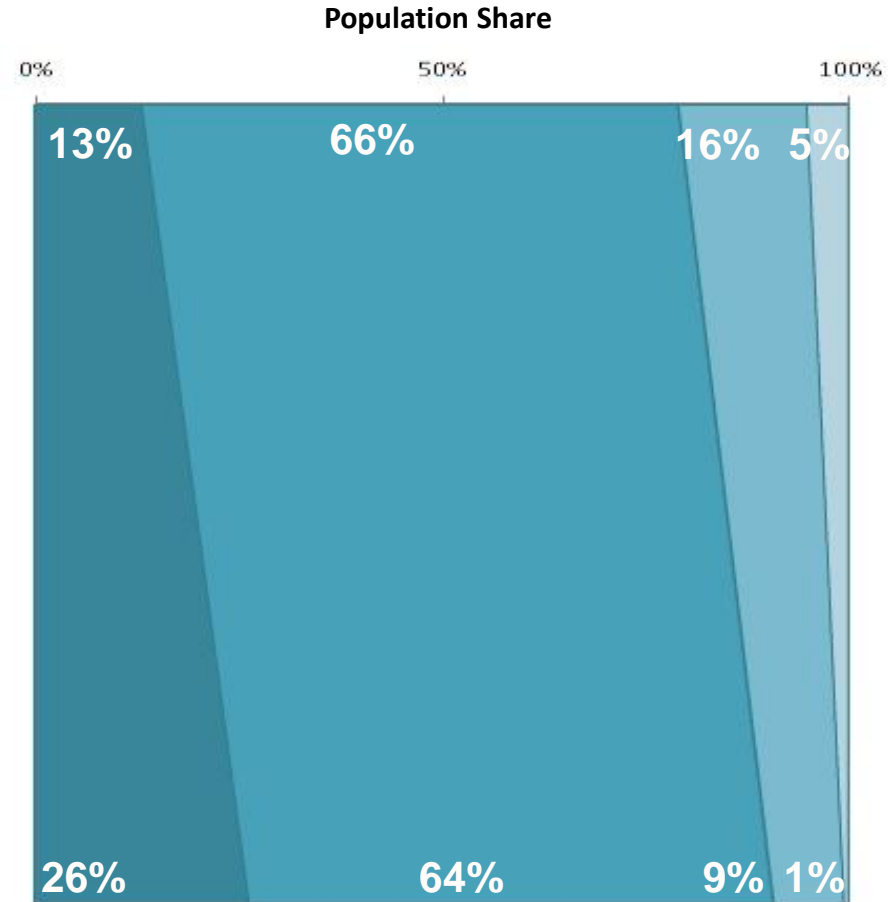
# Example:

## Regional hubs lead growth, but 2/3 of growth is generated elsewhere – with too much unrealised potential

Contributions to growth by percentage of regions and population share, OECD TL3 regions



Contributions to Aggregate Growth



Contributions to Aggregate Growth

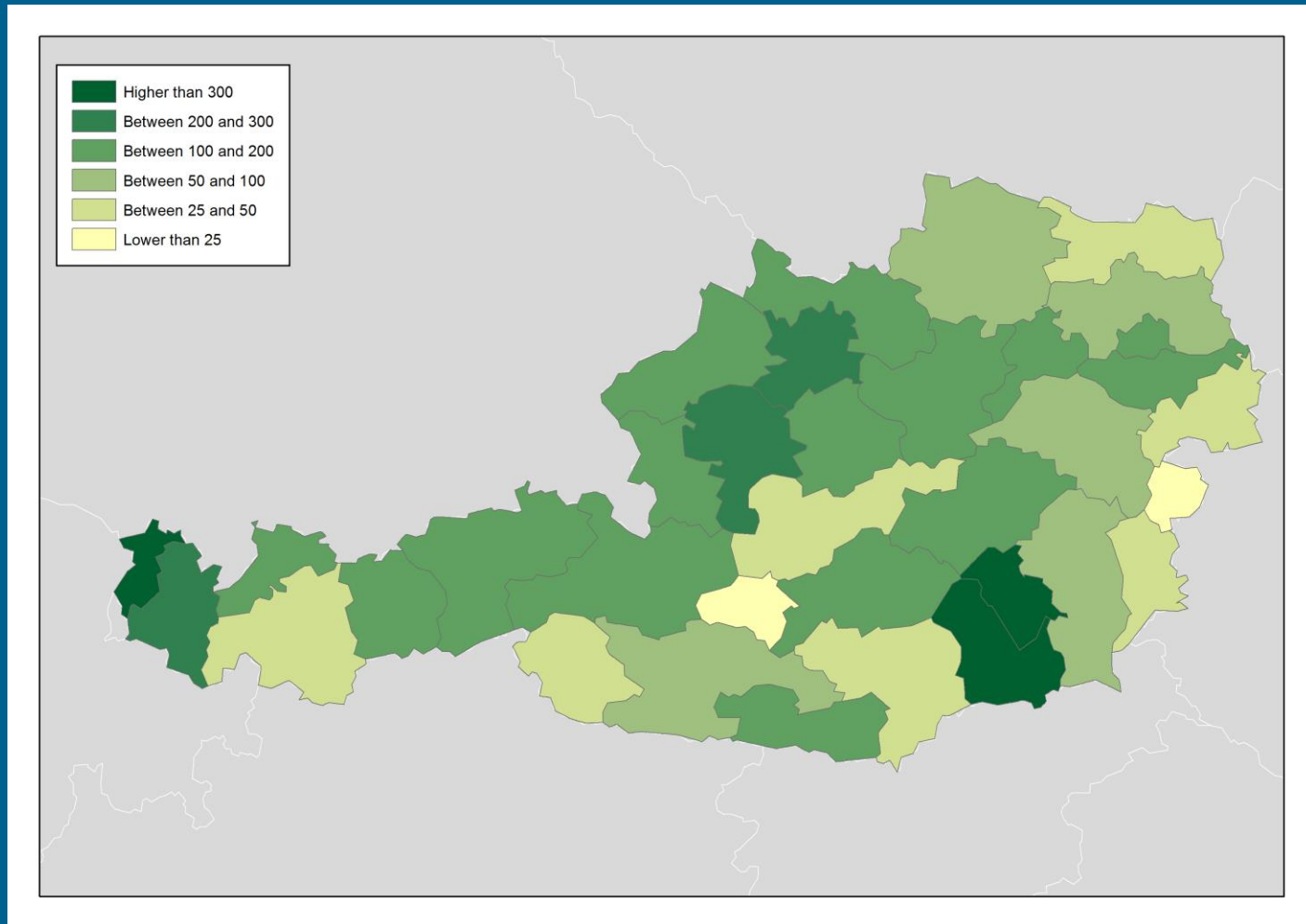


Focusing on innovation

# Disparities in innovation performance in Austria

## Austria

Patent applications per million inhabitants



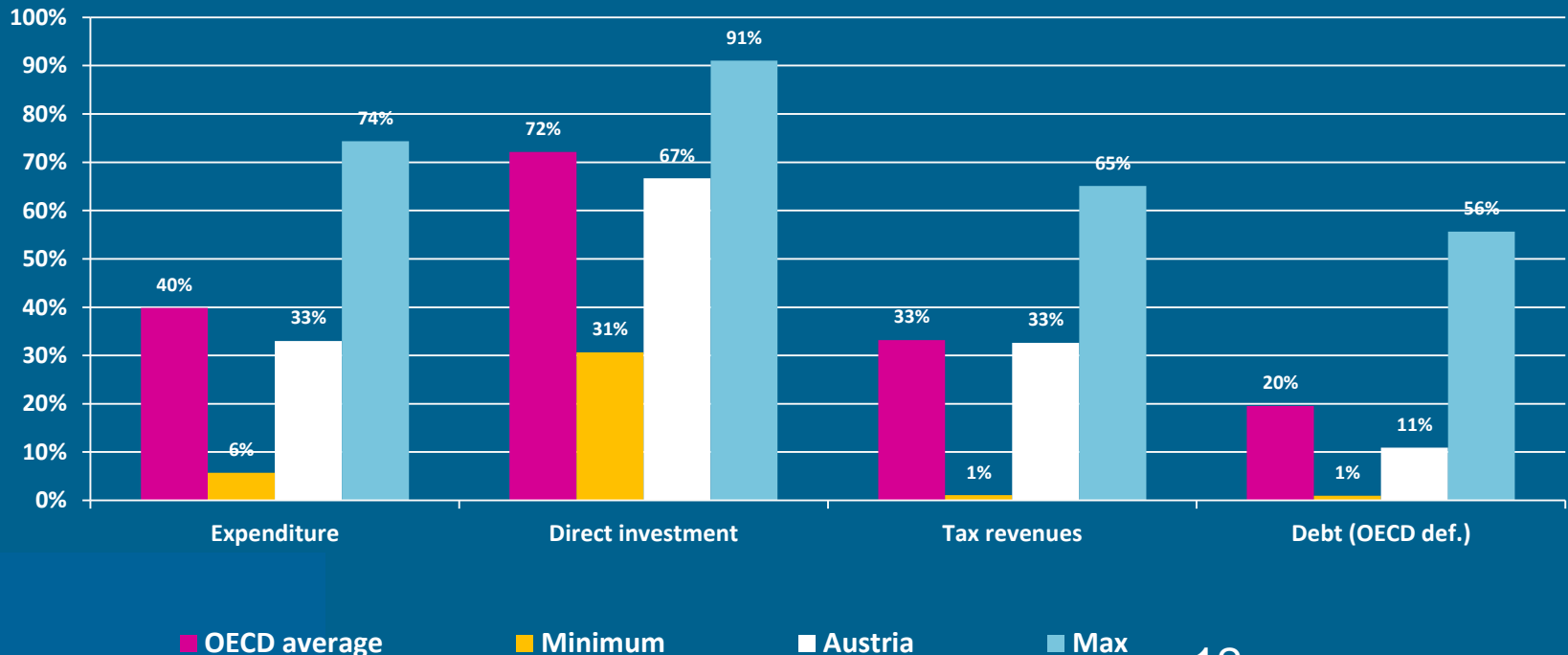
Focusing on investment

# Sub-national governments have always been key players in national economies

Sub-national governments account for:

- 33% of tax revenues
- 40% of public expenditures on average in the OECD...and
- 72% of public direct investment (weighted average)

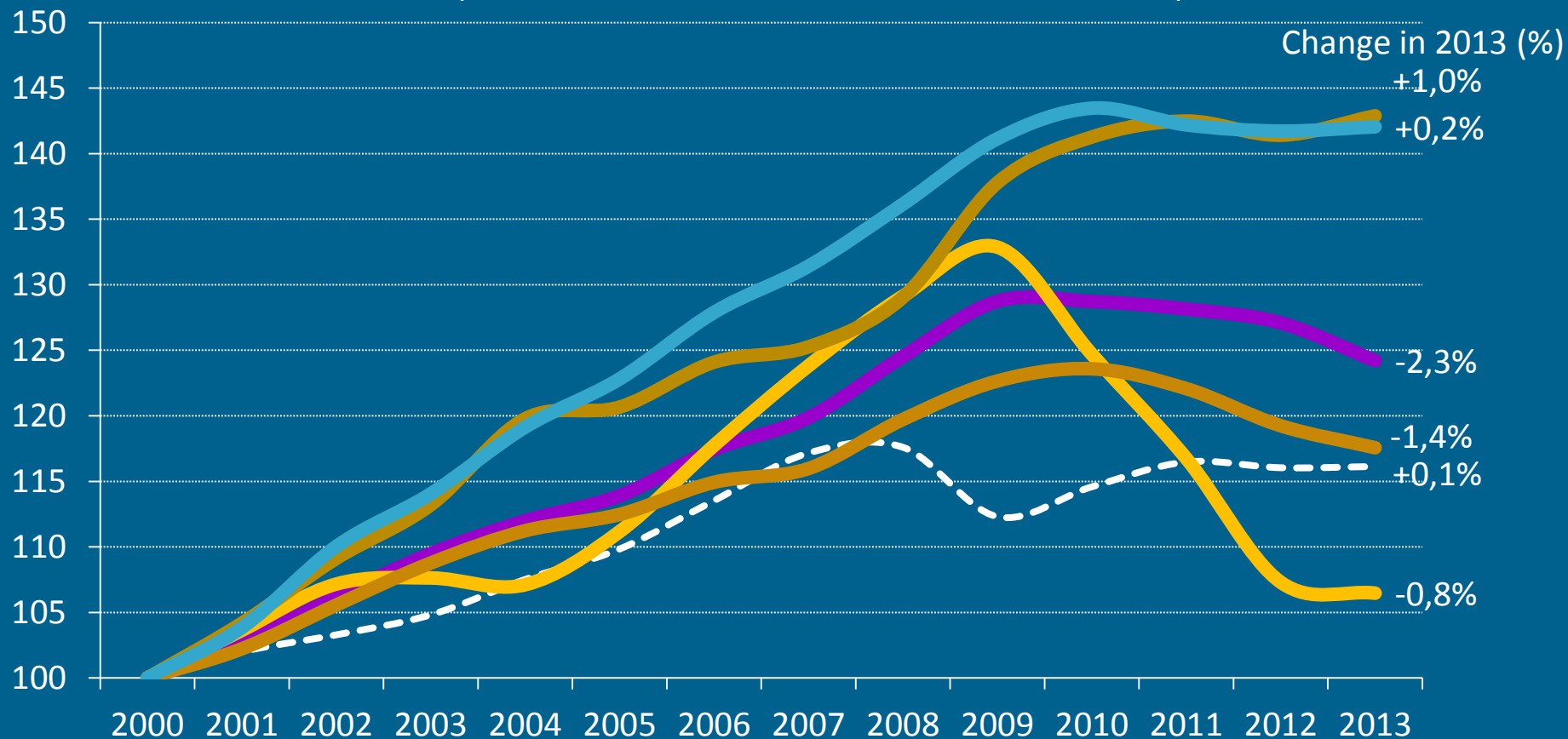
Subnational government as a % of general government in 2012 - OECD and Austria



# Among subnational government expenditures, public investment was the hardest hit

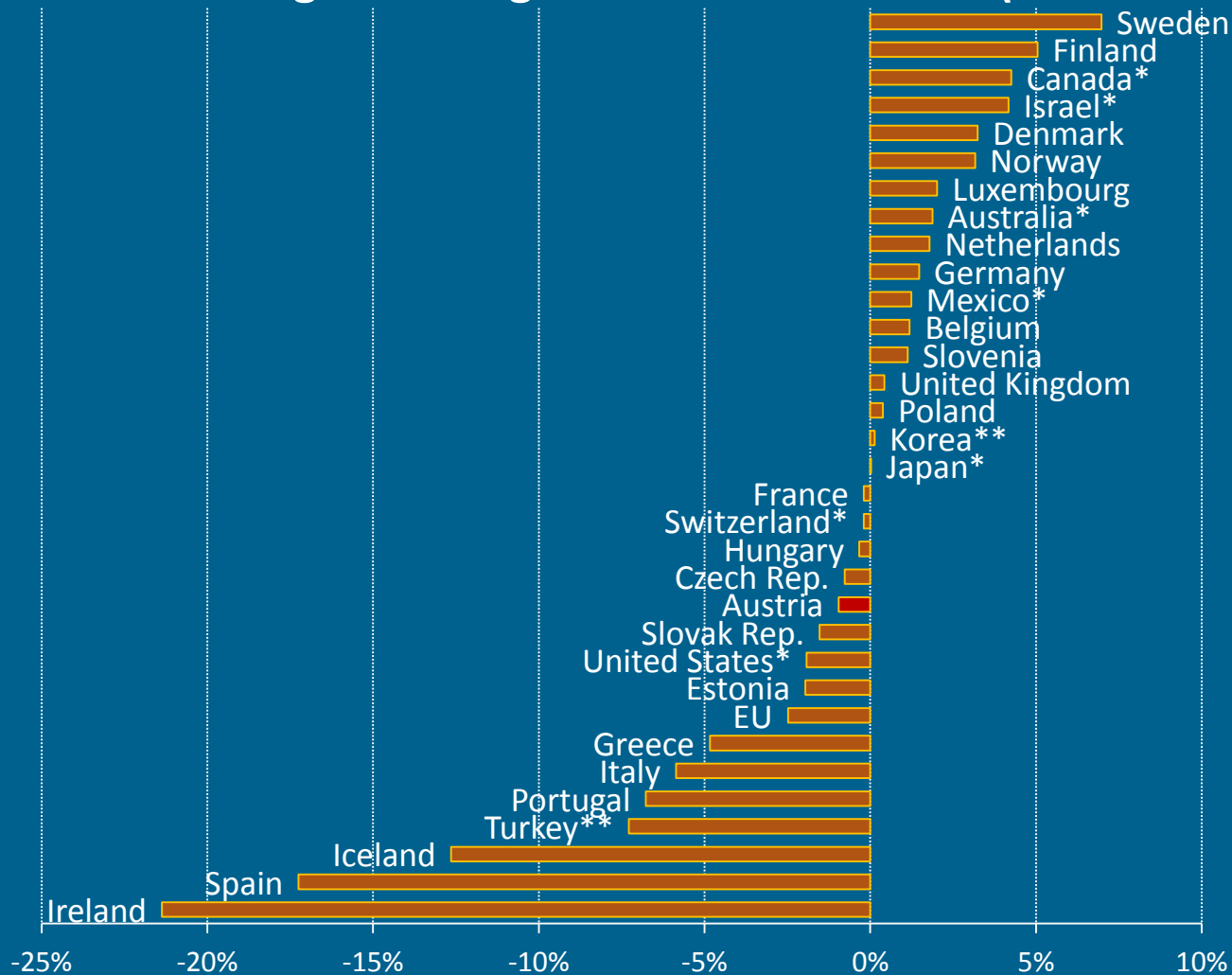
*In volume, base  
year 2000 = 100*

- GDP
- Direct investment
- Staff expenditure
- Total expenditure
- Social benefits
- Intermediate consumption



# Very strong reductions in subnational investment in some countries

Average annual growth rate 2007-2013 (% in real terms)



\* Average annual growth rate 2007-2012

\*\* Average annual growth rate 2007-2011

# A new OECD instrument: The Principles for Effective Public Investment Across Levels of Government

## Pillar 1

Co-ordinate across levels of governments and policies

- **Invest using an integrated strategy tailored to different places**
- Adopt effective co-ordination instruments across levels of govt
- **Co-ordinate across SNGs to invest at the relevant scale**

## Pillar 2

Strengthen capacities and promote policy learning at all levels of government

- Assess upfront long term impacts and risks
- **Encourage stakeholder involvement throughout investment cycle**
- Mobilise private actors and financing institutions to diversify sources of funding and strengthen capacities
- Reinforce the expertise of public officials & institutions
- Focus on results and promote learning from experience

## Pillar 3

Ensure proper framework conditions for public investment at all levels of government

- Develop a fiscal framework adapted to the objectives pursued
- Require sound and transparent financial management at all levels
- Promote transparency and strategic use of procurement
- Strive for quality and consistency in regulatory systems across levels of government

**This is the first OECD Instrument in the area of regional policy and multi-level governance**

Conclusion

## Three keywords

- Knowledge
- Coordination
- Engagement



Thank you