

Meeting of the Council at Ministerial Level, 7-8 June 2023**DRAFT RECOMMENDATION OF THE COUNCIL ON REGIONAL
DEVELOPMENT POLICY****JT03519768**

THE COUNCIL,

HAVING REGARD to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the standards developed by the OECD in the area of public investment and infrastructure, budgetary governance, public procurement, policy evaluation, public sector integrity, open government, regulatory policy, public employment and leadership, climate change, environment, digitalisation and data governance, entrepreneurship, social and solidarity economy and innovation;

HAVING REGARD to the work, including the standards, developed by other international organisations, which have emphasised the critical role of place-based policies and local and regional authorities, alongside national governments, to achieve global targets and leave no-one behind;

CONSIDERING that there are large and persistent inequalities in regional economic performance and well-being within many countries and that global megatrends, notably climate change, digitalisation, demographic shifts and globalisation, and different shocks and crises have an asymmetric impact within countries and can, in some cases, amplify existing disparities;

RECOGNISING the important contribution of regions, and the cities and rural areas within them, to national economic performance, well-being, environmental sustainability, and resilience, as well as the role of regions in the economic and social mitigation and adaptation to megatrends;

RECOGNISING that in the face of geographic diversity, uniform approaches fail to understand there are multiple possible pathways and multiple spatial arrangements for economic development and are as such, alone, inadequate to address what are fundamentally heterogeneous development challenges across regions and places;

RECOGNISING that regional development policies are an important complement to sectoral policies, as they provide an integrated development strategy tailored to the specificities of each place;

CONSIDERING that regional development policy is a responsibility shared by national and subnational levels of government, that multi-level governance practices, including intergovernmental fiscal frameworks, are part of every governance system independently of the decentralisation level, and that accordingly this Recommendation is relevant to all levels of government, in accordance with legal, policy and institutional frameworks;

On the proposal of the Regional Development Policy Committee:

I. AGREES that, for the purposes of the present Recommendation, the following definitions are used:

- **Regional development policy** is a long-term, cross-sectoral, multi-level policy that aims to improve the contribution of all regions to national performance and reduce inequalities between places and between people by promoting long-term sustainable development in all regions through strategic and targeted public policy, investment and service provision measures that are tailored to the specific needs and opportunities of regions and their inhabitants.
- **Regions, or places,** are spatial areas or sub-units within countries with human settlements and communities of various sizes that include, but are not limited to, remote areas, rural areas, small and intermediary cities and their neighbourhoods,

and large urban, peri-urban and metropolitan areas (cities and their commuting zones) and the rural areas within them. The term ‘region’ is used with a spatial dimension and does not refer to any administrative or political entity.

- **Subnational governments** refer to all levels of government below the national level, including regional and state governments, other intermediary government levels (e.g., *départements*, counties, provinces) and municipal/local/metropolitan governments.
- **Multi-level governance** refers to the institutional and financial interactions among and across levels of government and a broad range of non-governmental stakeholders, including private actors and citizens, when designing and implementing public policies with subnational impact. This interaction is characterised by a mutual dependence among levels of government and runs vertically (among different levels of government), horizontally (across the same level of government), and in a networked manner with a broader range of non-governmental stakeholders (citizens, private actors).

II. RECOMMENDS that Members and non-Members having adhered to this Recommendation (hereafter the “Adherents”) promote and implement effective place-based regional development policy to support inclusive and sustainable development and well-being for the benefit of all. To that effect, Adherents should:

- 1. Design and implement an integrated and balanced regional development strategy tailored to different places, by:**
 - a. Defining together with subnational governments and communities, clear and differentiated objectives for regional development that ultimately foster the contribution of all regions to national economic performance, well-being, environmental sustainability, resilience, and the reduction of regional inequalities.
 - b. Integrating a territorial lens across a complementary set of sectoral policies, investments, and public services to ensure they are mutually reinforcing and that the objectives of sectoral policies and regional development policy are aligned.
 - c. Leveraging each region’s specific competitive and absolute advantages at the national and international levels, as well as endogenous drivers of productivity, well-being, and environmental sustainability.
 - d. Putting people’s well-being at the centre of regional development policy by targeting and addressing the specific needs of all populations, including vulnerable, under-represented, or marginalised groups.
 - e. Supporting regions to develop sound approaches to enhance regional attractiveness to international investors, talent, visitors, and promote their integration in global markets and value chains.
- 2. Target the appropriate territorial scale(s) for policy action to account for all types of interdependencies across and within regions, including through win-win partnerships, by:**
 - a. Taking into account functional areas, as a complement to established administrative boundaries of subnational governments, that reflect the potential economic, social and environmental connections across territories.

- b. Integrating urban and rural areas, including through joint strategies, to maximise their synergies, enhance the production of public goods, achieve economies of scale in public service provision, and develop new economic and social opportunities.
- 3. Engage actively with regional and local communities and stakeholders throughout the policy-making cycle to gather and co-produce the knowledge needed to identify regions' needs and leverage their specific assets, by:**
 - a. Creating an enabling environment for participatory and deliberative processes involving all stakeholders and regional and local communities, including citizens, civil society, the private sector, labour groups, financial and educational institutions, and social partners, with adequate capacity and resources.
 - b. Promoting strategic communication channels, transparency and access to clear, complete, timely, reliable, and relevant information, data, and evidence.
- 4. Leverage regional development policy to address the asymmetric impact of global megatrends and shocks, and deliver on a sustainable and just green transition, by:**
 - a. Supporting the attainment of net-zero carbon emissions and the green transition in regions, including by promoting green innovation and investment, fostering subnational level climate actions and financing, and supporting the adoption of circular economy strategies.
 - b. Enhancing access to digital infrastructure, sound data governance frameworks, skills, capability uplift, reducing the urban-rural digital divide and seizing the opportunities of digitalisation in all places.
 - c. Supporting regions to adapt to demographic change including to ensure sustainable and equitable service provision, while promoting innovation and flexibility, and managing trade-offs between costs of provision and access.
 - d. Establishing regional development objectives and priorities that take advantage of the synergies and balance the trade-offs between the transitions.
 - e. Ensuring that regional development policies, investment decisions and public management practices are future-proof, forward-looking, flexible and agile to better anticipate and prepare for short and long term change, and build resilience of all places.
- 5. Promote the availability and quality of internationally comparable data and indicators at different territorial scales to inform regional development policy and produce evidence for decision-making, by:**
 - a. Improving the availability, accessibility and granularity of subnational indicators on demographic, socio-economic, environmental and financial conditions, and well-being in all types of regions and according to international standards and definitions, including through official statistics surveys and administrative data and territorial classifications.
 - b. Promoting the adoption of international standards related to the development of subnational statistics across relevant regional development policy domains, including in relation to global transitions and megatrends, such as demographic change, digitalisation, climate and biodiversity challenges and globalisation.

- c. Leveraging the full potential of smart, big, and open data, including geospatial data, as sources for official statistics of sub-national data and indicators, to ground and enable regional development policy decisions in up-to-date and quality information and evidence, while ensuring sound data governance notably to safeguard the privacy of individuals.
- 6. Establish sound multi-level governance arrangements to foster coherent regional development policy, by:**
- a. Adopting effective methods and instruments to co-ordinate regional development policy design and implementation among national and subnational levels of government, and stakeholders, so as to manage their mutual dependence, and ensure that the needs of, and implications for, different regions are considered by the diverse policy areas that influence their prospects and outcomes.
 - b. Leveraging mechanisms to facilitate cross-sectoral coordination at national and subnational levels of government, such as, but not limited to, strategic frameworks for public investment, inter-departmental/ministerial committees and programmes, joint investment funds, and harmonisation of programme rules.
 - c. Providing incentives and seeking opportunities for cross-jurisdictional co-operation among subnational governments to improve and allow for complementarities in regional development policy, including through metropolitan governance arrangements, urban-rural partnerships, inter-municipal, inter-regional and cross-border co-operation.
 - d. Encouraging and adopting innovative co-ordination mechanisms among and across levels of government, and bottom-up regional development initiatives, including through experimental governance approaches and new types of partnerships.
- 7. Strengthen administrative, strategic, and technical capacities for regional development policy design and implementation at national and subnational levels of government, by:**
- a. Continuously identifying the skills and competencies necessary to lead and carry out effective regional development policy, particularly at subnational level, notably in strategic planning, regulation, policy and programme management, project appraisal, procurement, finance and budgeting, infrastructure investment, public/private investment instruments, data management, stakeholder engagement, partnership building, and monitoring and evaluation, while considering current and future needs and challenges.
 - b. Ensuring a learning culture that supports regional development policy, including by providing learning opportunities and encouraging continuous training, experience-sharing, learning-by-doing, and innovation, aligned with regional development policy and organisational objectives.
- 8. Mobilise diversified, balanced, and sustainable financial resources to adequately fund regional development policy at the national and subnational levels, by:**
- a. Aligning funding for regional development with the objectives of national and subnational regional development policies.

- b. Linking regional development policy priorities with budgeting processes, in particular capital budgeting frameworks for infrastructure investment, to meet regional development needs in a cost-effective, coordinated and coherent manner.
 - c. Articulating effectively fiscal tools for regional development, including tax schemes, transfers and equalisation mechanisms, and regional development funds, to support more pro-active approaches to regional development.
 - d. Mobilising, pooling and enhancing complementarities between traditional and innovative sources of financing at the international, national and subnational levels to support public investments that are well-designed and support regional development objectives.
- 9. Promote integrity, transparency, and accountability in regional development policy to ensure the effective use of public resources and strengthen trust in national and subnational governments, by:**
- a. Implementing accountability mechanisms that promote public scrutiny, including through transparency and open government strategies and initiatives.
 - b. Disseminating accurate, timely, reliable and user-friendly information on the impact of regional development policy and the use of regional development funds to the public.
 - c. Ensuring that legal and regulatory frameworks support regional development policy objectives, in particular by reducing unnecessary regulatory or other administrative burdens.
- 10. Foster robust performance management mechanisms that promote evidence-based regional development policy, by:**
- a. Monitoring the implementation and evaluating the impact of regional development policy and the conditions under which it can be successful, using a robust evaluation design, including a realistic and clear set of indicators.
 - b. Systematically using data and evidence from monitoring and evaluation to better understand and communicate policy performance and impacts over the short and long terms, assess the coherence of different policies in light of regional development goals, and inform new policy initiatives.
- III. ENCOURAGES** relevant stakeholders to promote and use this Recommendation.
- IV. INVITES** the Secretary-General to disseminate this Recommendation.
- V. INVITES** Adherents to disseminate this Recommendation at all levels of government.
- VI. INVITES** non-Adherents to take account of and adhere to this Recommendation.
- VII. INSTRUCTS** the Regional Development Policy Committee to:
- a) Serve as a forum for exchanging information, experience and policy practices on regional development policy related to the implementation of this Recommendation;
 - b) Support the efforts of Adherents to implement this Recommendation through the development of a toolkit; and

- c) Report to Council on the implementation, dissemination and continued relevance of this Recommendation no later than five years following its adoption and at least every ten years thereafter.