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COUNCIL

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Council

RENEWAL OF THE MANDATE OF THE TERRITORIAL DEVELOPMENT POLICY COMMITTEE

(Note by the Secretary-General)

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1. In January 1999, the Council adopted a Resolution creating the Territorial Development Policy Committee with a 3-year mandate [C(98)198/FINAL]. The Committee was established to pull together different strands of OECD activities into one new Committee centred on new territorial development policies arising from the changing economic and social conditions, and to assess general policies involving the various partners at national, regional and local level. The Committee subsumed the work of the existing bodies on regional development, urban affairs and rural development and defined the mandates of both the Working Party on Territorial Policy in Urban Areas (Annex II to C(98)198), and the Working Party on Territorial Development in Rural Areas (formerly the Group of the Council on Rural Development [C(95)90/FINAL]).

2. In December 2001 the Territorial Development Policy Committee was renewed for a further 3-year mandate. The terms of reference were modified to clarify the focus in TDPC work to fully reflect concepts and key issues and to put stronger emphasis on the role of territorial indicators. In accordance with the Resolution of the Council concerning the Renewal of the Mandate of the Territorial Development Policy Committee [C(2001)257/REV1], the mandate of the Committee will expire on 31 December 2004.

3. At a High-Level Meeting organised by the TDPC on 25-26 June 2003, Member countries recognised the need to shift from an emphasis on redistribution and subsidies that inhibit initiative and enterprise towards an approach that promotes regional competitiveness through private and public investment and greater reliance on local assets.

4. Based on the results of the High-Level Meeting, at its 11th Session on 3 and 4 June 2004, the TDPC discussed and agreed upon the terms of reference [see GOV/TDPC(2004)2/FIN] for a renewed Territorial Development Policy Committee. The new Mandate, set out in Annex I: (1) focuses on three principal themes: generating and sustaining regional competitive advantage; promoting effective and innovative governance; developing indicators to measure and evaluate improvements in regional competitiveness and to assess policy effectiveness; and (2) incorporates the Mission Statement defined by the Committee as an integral part of the Committee's Mandate.

5. Annex II provides background information for the OECD Council's consideration of a draft Resolution concerning the renewal of the Mandate of the Territorial Development Policy Committee and the working parties that report to it.

6. Annex III provides the Organigramme of the Territorial Development Policy Committee's sub-structure.

7. In light of the preceding, the Secretary-General therefore invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document C(2004)114;
- b) agreed to renew the Mandate of the Territorial Development Policy Committee until 31 December 2009, and adopted the draft Resolution set out in Annex I to C(2004)114;
- c) agreed that the work of the Territorial Development Policy Committee and its subsidiary bodies shall be evaluated under the new mechanism and timetable for all committee evaluations to be decided by Council in autumn [C/M(2004)10, Item 143, III].

ANNEX I

**DRAFT RESOLUTION OF THE COUNCIL CONCERNING THE RENEWAL OF THE
TERRITORIAL DEVELOPMENT POLICY COMMITTEE MANDATE**

THE COUNCIL,

Having regard to Articles 5 a) and 9 of the Convention on the Organisation for Economic Co-operation and Development;

Having regard to the Resolution of the Council concerning the Creation of a Territorial Development Policy Committee [C(98)198/FINAL];

Having regard to the Resolution of the Council concerning the Renewal of the Mandate of the Territorial Development Policy Committee [C/M(2001)26, item 426 and C(2001)257/REV1];

Having regard to the emerging synergies with the work in the newly created directorate on Public Governance and Territorial Development;

Having regard to the Rules of Procedure;

Having regard to the report "*The OECD Committee Structure - A review*" [CE(98)3];

Having regard to the mission statement agreed on by the Territorial Development Policy Committee for its future work:

- The mission of the TDPC is to improve policy performance in enhancing well-being and living standards across all OECD regions by influencing the main factors that generate and sustain regional competitive advantage and by promoting effective and innovative governance. TDPC should serve as a premier international forum for senior-level government policy makers to identify, discuss, and disseminate a vision of development policy that is place-based, multi-level, innovative and geared to different types of regions. This policy approach focuses on economic growth while integrating environmental and social concerns, which are necessary to enhancing regional competitive advantage.
- To accomplish its mission, and to permit an evaluation of the overall policy impact of this approach, the Committee will develop high-quality and relevant statistical indicators, will compare economic development issues and policies across countries, and will assess multi-level governance mechanisms.

Having regard to the conclusions of the High Level Meeting on Territorial Policy held in Switzerland in June 2003;

Considering that the conclusions of the High-Level Meeting underlined the role of regional policies in OECD countries in promoting long-term, sustained economic growth, regional competitiveness through private and public investment, entrepreneurship and greater reliance on local assets.

Considering that, as a consequence of the above trends, central governments are increasingly called upon to stimulate and foster regional strategies that are more likely to be effective, and to enhance the capacities of local communities to participate in their own development;

Considering that in responding to these challenges, OECD countries can obtain great benefits from international co-operation both to develop new policy frameworks and share the results of experiments and innovations; and

Recognising the consensus of the TDPC to transform the Committee into the premier international forum for discussion of these issues;

Recognising and linking the important contribution of the Working Parties on Policies in Rural and Urban Areas, and on Statistics and Indicators; and

Recognising the importance the Committee attaches to contributing to the evaluation process in the OECD.

On the proposal of the Secretary-General after consultation with the Committee on Territorial Development Policy, the Council:

DECIDES:

1. The terms of reference of the Territorial Development Policy Committee are to:
 - a) implement the general principles contained in the agreed mission statement, specifically to enhance regional competitive advantage, based on a progressive policy shift from subsidy-based sectoral policies that thwart business innovation to integrated place-based policies which address the specific causes that prevent each region from realising its full potential;
 - b) provide a forum for member countries to share views on regional development policy implementation in the OECD area and to improve the understanding of economic, social, environmental and institutional trends;
 - c) contribute a regional perspective on major policy concerns and priorities of the Organisation, including its horizontal activities;
 - d) undertake policy analysis of competitiveness strategies, with a view to promoting regional advantages and unused potentials for growth, as well as enhancing cohesion and integrating economic, social and environmental concerns, as captured by the concept of sustainable development;
 - e) analyse and promote innovative policies at the territorial level that will enable member countries, through shared efforts and an exchange of experience, to further improve their governance, with particular reference to horizontal and vertical institutional partnerships;
 - f) develop a range of comparable data, indicators and other statistical tools to support policy analysis;
 - g) strengthen the contribution of the three Working Parties to the Territorial Development Policy Committee by further developing their work on specific priority aspects of regional development;
 - h) make available the outcome of its work to interested non-member countries.
2. In pursuit of these objectives, the Territorial Development Policy Committee, and its Working Parties, shall maintain close working relationships with other relevant bodies of the Organisation, in

particular the Public Governance Committee and its subsidiary bodies, seeking to ensure complementarity and co-operation between levels of government.

3. The Territorial Development Policy Committee shall maintain, as appropriate, and in conformity with the OECD Convention and Rules of Procedure, relations with other international organisations.

4. The terms of reference of the Territorial Development Policy Committee shall enter into force on 1 January 2005 and shall expire on 31 December 2009, unless the Council decides otherwise.

5. Paragraph 29 of the Annex to the Rules of Procedure of the Organisation shall be amended as follows: Territorial Development Policy Committee: its terms of reference are defined in the Resolution of the Council C(2004)114.

ANNEXE II

DIRECTIONS FOR THE FUTURE MANDATE OF THE TERRITORIAL DEVELOPMENT POLICY COMMITTEE

This note provides background information for the OECD Council's consideration of a draft Resolution concerning the renewal of the Mandate of the Territorial Development Policy Committee and the working parties that report to it.

I. Implementation of the current mandate

1. Through its work so far, TDPC has stimulated discussion and encouraged an emerging consensus among Member countries on the need to shift from an emphasis on redistribution and subsidies that inhibit initiative and enterprise towards an approach that promotes regional competitiveness through private and public investment, entrepreneurship and greater reliance on local assets. TDPC work has also been instrumental in exploring the links between a new approach to regional policy and progress with structural reform policies, such as those to promote innovation and diffusion of technology, develop human capital and improve the economic impact of hard and soft infrastructure investment. Awareness of the need for a new approach is driven by observations, highlighted by TDPC, that past policies have failed to reduce significantly regional disparities and have not been able to help individual sectors or lagging regions to catch up, despite the allocation of significant public funding. The result is under-used economic potential and weakened social cohesion. The new approach, which promises more effective use of public resources and significantly better policy outcomes, is central to the growth prospects of both OECD countries and non-Member economies.

2. TDPC has been successful in articulating its core messages in a number of key policy fields, such as urban and metropolitan policy, rural development, infrastructure and spatial development, sub-national statistics and indicators and regional policy. In each of these policy areas, OECD is now acknowledged as a reference and key actor. TDPC has also introduced a range of innovative concepts into policy debate at the international level. Among these, the notion of regional competitiveness, the learning region and regional systems of innovation are all becoming increasingly common frameworks for policy. TDPC has also provided a forum for Member countries to exchange ideas on the innovative governance mechanisms that are being introduced in Member countries alongside new approaches to regional policy.

3. The influence of concepts developed through TDPC can be seen in the outcomes of the national reviews of territorial policy. For example, influenced by the country review of 2002, the Swiss Federal Government proposed reforms of regional policy to increase its orientation towards regional innovation and incentives for collaboration across jurisdictions. In Canada, the 2002 country review, and more recently a thematic review of metropolitan governance in Montreal, helped to stimulate debate on urban issues at the federal level. In Mexico, recommendations in the 2002 country review regarding increasing the use of place-based policies in both urban and rural regions has been influential and has led to further requests by the Mexican government inviting the Committee to assess its rural micro-region strategy, formulation of a metropolitan policy for Mexico City and a development strategy for the Mesoamerica region. The work of TDPC in evaluating the competitiveness of Helsinki and the challenges that the region faces was widely debated during the recent electoral campaign in Finland and inspired discussion of a new framework for regional policies, which will be further examined in a forthcoming country review.

The growing list of countries that are proposing to undertake national reviews of territorial policy is evidence that the ideas developed by TDPC are both relevant and innovative from the perspective of Member governments.

4. Confirmation that the work of TDPC is increasingly valued by member governments was provided at the TDPC High-Level Meeting in June 2003, which was attended by ministers and secretaries of state from a large number of OECD countries. The main questions posed at the meeting were: how are governments reacting to the pressures that rapid economic change are exerting within their countries? And, how are they responding to seize the opportunities that these new circumstances bring with them? As was clearly stated at the meeting, the challenge for government is to promote adjustment across the whole territory, building on existing capacities and developing new strengths, while also addressing the consequences of this adjustment. Implicitly, good management by the public administration will get the most out of available resources, poor management produces sub-optimal outcomes and creates imbalances and even resistance to change. The conclusions of the High-Level Meeting, which were later cited in the outcomes of an EU ministerial, outline an agenda for TDPC that emphasises three main tasks:

- assess key policy areas to improve regional performance, notably research and innovation, clusters, accessibility, public-private partnerships, and trans-national and trans-border co-operation;
- evaluate initiatives and institutional arrangements in multi-level governance, vertical and horizontal co-operation mechanisms and partnerships with the private sector and civil society more generally;
- develop indicators to measure and evaluate improvements in regional competitiveness and to assess policy effectiveness.

5. In their closing remarks, the Swiss government stated that “designing and implementing policies that combine these different aspects is a challenge for our administrations. And Member countries look to the OECD, and in particular the TDPC, to provide a forum where these issues can be discussed and information shared”. To build on the outcomes of the meeting, the Swiss Presidency also requested that a new TDPC mission statement should be prepared to formalise the common perspectives that emerged at the meeting.

II. Responding to these challenges: the new mandate

6. The Committee discussed the renewal of its mandate at its 11th Session on 3 and 4 June 2004, on the basis of the document prepared for this item, GOV/TDPC(2004)2/FIN. The new Mandate proposed for TDPC differs from the previous Mandate in two key respects: (1) it is based on a mission statement that clarifies the focus of the Committee’s work, and (2) it takes into account the merger of TDS and PUMA.

7. In order to respond to the strong endorsement provided by senior policymakers at the High-Level Meeting, TDPC delegates proposed a draft mission statement to enhance the focus of TDPC’s work in the future. Explicitly, the mission statement is to be the basis for the next mandate of the Committee. The mission statement below, which is also incorporated into the text of the new mandate, was approved at the TDPC’s 10th session in November 2003 after intensive debate among delegates.

The mission of the TDPC is to improve policy performance in enhancing well-being and living standards across all OECD regions by influencing the main factors that generate and sustain regional competitive advantage and by promoting effective and innovative governance. TDPC should serve as a premier international forum for senior-level government policy makers to

identify, discuss, and disseminate a vision of development policy that is place-based, multi-level, innovative and geared to different types of regions. This policy approach focuses on economic growth while integrating environmental and social concerns, which are necessary to enhancing regional competitive advantage.

To accomplish its mission, and to permit an evaluation of the overall policy impact of this approach, the Committee will develop high-quality and relevant statistical indicators, will compare economic development issues and policies across countries, and will assess multi-level governance mechanisms.

8. The mission statement has implications for the focus of the Committee's work and for the way that the Committee functions.

9. First, it implies a Mandate, and in turn a programme of work, for the Committee that is clearly focused on three principal themes:

- Generating and sustaining regional competitive advantage;
- Promoting effective and innovative governance;
- Developing indicators to measure and evaluate improvements in regional competitiveness and to assess policy effectiveness.

10. Second, it implies that the institutional role of the Committee itself should be strengthened. Over the course of its second mandate, TDPC has demonstrated the value of an exchange of experience at the international level and on the unique role that TDPC can play as an international forum. Recent discussions, both in TDPC and at Martigny, have focused on how to develop further the TDPC as a principal international forum for discussion of regional policy issues. The refinement of the priorities and working methods of the Committee should make a significant contribution in this respect.

11. In addition to reflecting the outcomes of the High Level Meeting and providing a framework for pursuing the mission of TDPC, the new mandate also emphasises the opportunities offered by the merging of the Territorial Development Service with the Public Management Service to increase joint working and create synergies in areas of mutual interest. This is already reflected in joint activities proposed in the draft programme of work for 2005-6 – for example the work on decentralisation and its implications for central government, transfers between central government and regions, and incentives for cross-jurisdictional co-operation (contributions to the OECD Network on Fiscal relations across Levels of Government)

12. Finally, a more general consideration is that the new Mandate should be an opportunity for TDPC to improve the visibility of its work among Member countries. This raises the important issue of communication. The Committee has recognised that the visibility of its work is relatively low, despite strong support within countries for the relevance of the substance to debates within and between countries. This is an area where significant work by the Secretariat and by Committee delegates will be required over the period of the new Mandate.

ANNEX III

ORGANIGRAMME OF THE TERRITORIAL DEVELOPMENT POLICY COMMITTEE'S STRUCTURE

