PROPOSAL FOR AN OECD TERRITORIAL REVIEW
OSLO-GOTHENBURG-COPENHAGEN (ÖRESUND)

As governments search for new ways to unlock the growth potential of their economies, attention has begun to focus on why some regions grow faster than others, and what public policies can do to maximise the performance of each region for the benefit of national economies. To make good policy choices, there is a need to understand regional competitiveness better and how regional policies contribute to structural economic policies at national level. The OECD Regional Development Policy Committee (RDPC) is a unique international forum for this debate, drawing on innovative statistical work to understand the challenges facing urban and rural regions. Through its series of OECD Territorial Reviews, the OECD aims to provide a valuable contribution to urban policy development from an international comparative perspective.

The purpose of this document is to propose an OECD Territorial Review Oslo-Gothenburg-Copenhagen (Öresund). The project will be conducted by the Regional Development Policy Division (RDP) of the OECD Directorate for Public Governance and Territorial Development (GOV). This document aims to provide the necessary background for the requesting authorities. The details of the project would be adapted to meet the needs and interests of the requesting authorities.

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What is an OECD Territorial Review?

Among the OECD’s core strengths is the ability to offer its 34 members a framework to compare experiences and examine “best practices” in a wide range of domains, from economic policy to environmental protection. The series of Territorial Reviews follows a method that is the hallmark of OECD – the Peer Review (Box 1) – while focusing on the policy challenges and potential solutions in regions and their cities. OECD Territorial Reviews systematically cover the regional economic and political context and propose a set of concrete policy recommendations to further stimulate economic development, environmental performance and social inclusion.

OECD Territorial Reviews are conducted in collaboration with national governments and/or local governments (regions, cities and other sub-national authorities), in pursuit of the following objectives:

- Enhance the economic competitiveness and attractiveness of the studied areas and their contribution to national growth objectives, particularly in terms of the growth of value added, employment and innovation, and their ability to attract firms, investment and workers.

- Assess the benefits from increased integration across the studied areas and identify complementarities in markets and policy fields, such as labour markets, research, education, innovation or culture.

- Identify obstacles to long term competitiveness or residents’ sustainable well-being within the spheres of governance and local finance and ways of overcoming them.

- Evaluate and improve the policies put in place to strengthen social inclusion and policies that can create or enhance cohesion among regions.

Box 1. OECD Peer Reviews

An OECD Peer Review is a systematic examination and assessment of the performance of one state by other states, with the ultimate goal of helping the reviewed State improve its policy making, adopt best practices, and comply with established standards and principles. OECD Peer Reviews are conducted in a non-adversarial basis and cover a broad range of areas such as economics, education, urban development, governance, public employment, public budgeting, etc. These reviews serve to enhance:

- **Policy dialogue** – countries systematically exchange information, data and views on policy decisions and application. This dialogue can be the basis for further co-operation.

- **Transparency** – the reviewed authorities have the chance, in the course of the peer review, to present and clarify national rules, practices and procedures and explain their rationale. This information is made available to OECD member and partner countries through the OECD reports and website.

- **Capacity building** – peer review is a mutual learning process in which best practices are exchanged, so the peer review is a mutual learning instrument for the country under review and those acting as examiners.

- **Compliance** – an important function of the peer review is to monitor and enhance compliance by countries with internationally agreed policies, standards and principles.
Why a Territorial Review Oslo-Gothenburg-Copenhagen (Öresund)?

Roughly 600 kilometres separate Copenhagen in the south and Oslo in the north. A trip along this corridor passes through five regions, four metropolitan areas and three countries. While each has its distinct characteristics, much combines the regions and metro areas along the corridor. Together they have the potential of forming a macro region with a catchment area of up to 8 million inhabitants that could become one of Europe’s powerhouses for innovation- and research-led economic activity. Already now, the large cities are relatively well integrated with their surrounding or adjacent regions – Akershus, Østfold, Västra Götaland, Halland, Skane and Sjælland, as for example witnessed by daily commuting flows. There is also already a certain amount of integration between neighboring regions that does not stop at national borders. Since 2000, a bridge connects Copenhagen to Malmö across the Öresund/Øresund, intensifying the links between residents and firms in the two countries. While existing economic links and co-operation between the different cities and regions are a good foundation to build on, they fall nonetheless short of what would be required for reaping the full potential benefits for economic productivity and well-being that could arise from a well-integrated macro region.

From a national perspective, the regions along the Oslo-Gothenburg-Copenhagen corridor are home to a significant percentage of their countries’ populations and account for a high share of economic production. A majority of inhabitants of the corridor live in the metro areas, but less densely populated areas in the regions account for more than 25% of the overall population. Both metro and less densely populated areas, especially along the coastline, have experienced strong population growth. The growth is unsurprising: the whole corridor offers a variety of amenities that attract new residents. These include the attraction of two capital cities, Oslo and Copenhagen, a variety of natural amenities, high standards of living, internationally competitive academic institutions and cultural attractions. Moreover, the economies in the three macro regions of Oslo, Västsverige and Öresund/Øresund achieved economic growth above the Western European average, both between 1992-2002 and 2002-12.
 Decomposition of real GDP growth 2002-12

Source: Västra Götalandsregionen, Rapport Tillväxt och Utveckling 2015:1

While the regions between Oslo and Copenhagen are similar in some respects, each of them also has its individual strengths and faces its own challenges. All regions have responded successfully to the challenge of the global crisis, but with different drivers for growth. While all of them outperformed Western Europe as a whole, growth in Oslo was mainly driven by an increase in population, while in Västsverige and, to a lesser degree, in Öresund/Öresund it resulted largely from increased labour productivity.

Firms in all three areas have access to a relatively small home market and growth often relies on a strong export agenda. They compete globally, not only in product markets, but in retaining and attracting skilled workers. The competition they face – especially for research and knowledge-intensive industries – is not local, but global. Globalisation of the economy also means that the pressure for change and the pace of change has increased dramatically, as has mutual dependency. In a global perspective, China alone has been adding around half a dozen cities with several million inhabitants per year over the last two decades. In a strongly urbanising world, to be competitive and visible on a global scale, co-operation between neighbouring regions and cities is becoming an increasingly important factor of global success for Europe’s economies.

The main urban agglomerations – four metropolitan areas – play an important role as an engine for the development of the regions. The service sector - typically located in larger cities - was the largest contributor to GDP growth in the regions, and innovation, research and product development is typically concentrated in larger urban areas. The vast majority of inventors who live between Oslo and Copenhagen and who filed for an international patent come from the four metro areas. OECD research shows that the benefits created by metro areas spill over into their surrounding regions, an effect that is supported by strong ties and links within region. These links can be physical, better connections to a larger number of people create a larger pool or market. But links go beyond infrastructure. Complementarities in a wide range of sectors can be harnessed if local stakeholders collaborate and find a way to pool their joint efforts to create a common vision that combines local strengths.

Benefits from links do not stop at regional boundaries, but have the potential to enhance competitiveness, create growth and improve well-being along the whole corridor Oslo-Gothenburg-Copenhagen. The OECD Territorial Review would provide solutions how to devise
and implement successful policies that are tailored to local circumstances and discuss effective governance arrangements for cross-border collaboration. It would also focus on policy issues of particular importance to the studied areas, such as the impact of greater integration of labour markets, research and innovation, education and culture across the regions on long term and sustainable development and well-being of residents.

What themes might be addressed in an OECD Territorial Review Oslo-Gothenburg-Copenhagen (Öresund)?

The focus of each OECD Territorial Review is tailored to the needs and interests of the requesting authorities. It will follow the common OECD conceptual framework by addressing the following issues:

- **Analysis of socio-economic trends, growth potential and untapped opportunities**, featuring international comparisons using the OECD regional and metropolitan area databases, including a selection of benchmark regions from OECD and non-OECD countries.

- **Policies and strategies to enhance regional competitiveness, social inclusion and sustainable development**, which would include thematic chapters on specific policy domains (cf. possible sub-themes discussed below).

- **Governance**, to explore how policy outcomes could be improved through more effective governance (e.g. vertical and horizontal institutional relationships among levels of governments, the private sector and civil society), strategic planning and fiscal arrangements.

Specific sub-themes for an OECD Territorial Review for Oslo-Gothenburg-Copenhagen (Öresund) would be determined in partnership with the requesting authorities and could include the following:

- **What would greater integration among the regions mean for their residents’ long term and sustainable well-being?** An assessment of joint benefits requires a detailed understanding of the regions, their metro areas and the integration of local markets. It also requires an understanding of local priorities and strategic objectives. Based on a thorough analysis of the individual regions the Review could focus on potential complementarities in the markets for labour, research, education, innovation, or culture. It could assess whether there any obvious areas where the regions complement each other making them all together stronger and evaluate the potential benefits to analyse what areas might benefit most.

- **How will the development of a high-speed rail link from Oslo via Gothenburg to Copenhagen affect the regions?** Distance matters, today maybe more than ever before. Broadband internet and mobile communication make information accessible from anywhere in the world, but creating knowledge from information remains a highly localised endeavour. A proposed high speed train connecting the regions between Oslo and Copenhagen would change the time to travel along the corridor from a daytrip to a commutable distance. This raises the question on the potential impact across and within the regions. The Review could address what conclusions can be drawn from theory and actual experiences from regions where similar investments have taken place and ask how this project can be harnessed to further integration of Oslo, Gothenburg, Copenhagen and the regions along the transport corridor.

- **How can policies and governance arrangements support the process of integration?** Good governance is critical to ensure collaboration across levels and sectors of government and
engagement of all relevant stakeholders that are needed to facilitate better outcomes in all policy domains. This raises the question what policy actions need to be taken today and in the future to fully utilise the opportunities from strengthened links and greater integration identified within and – in co-operation – across the regions? What are expected barriers in the process and how can they be overcome by policies and effective governance arrangements?

Policy dialogue

The study process provides a number of steps which allow for in-depth policy dialogue between local policy makers, national government officials and other key actors shaping development in and around Oslo, Västsverige and Copenhagen (Öresund). Throughout the review process, officials and policymakers in Akershus, Östfold, Västra Götaland, Halland, Skane, Sjælland, Oslo, Gothenburg, Copenhagen and Malmö will interact and exchange directly with policymakers from OECD countries, either during the OECD missions, or during their participation in the meetings of the OECD Regional Development Policy Committee (RDPC) and/or the Working Party on Urban Areas, including during the final presentation of the report in Paris. This process is based on the OECD principle of mutual learning: the policy dialogues will enable officials to learn from the experiences of other regions, cities and countries; equally important is the potential learning in other OECD regions and cities from the experiences of the Scandinavian regions and their metro areas.

How would an OECD Review of Oslo-Gothenburg-Copenhagen (Öresund) be conducted?

The OECD Territorial Review will be organised as follows:

- **Initiating the process.** The terms of reference of the Review, including the scope, the content, the calendar of work, and the financial cost are defined by the OECD in consultation with the requesting authorities.

- **Financial commitment.** The requesting authorities apply for an OECD Territorial Review by sending an official letter of commitment expressing their interest and their commitment to co-finance the work of the local team (see below) and to provide a voluntary contribution to the Regional Development Policy Division to cover the OECD's costs in conducting the Review. Instead of a single letter of commitment, it is also possible to send individual letters of commitment for each requesting authority.

- **Appointing a "local team".** In order to ensure that the Review is in-depth and timely, the requesting authorities will form a technical partner team in charge of the project, which may consider the participation of other relevant institutions working on regional or urban policy. The local team ideally includes representatives from all involved authorities. With this local team, the OECD staff can work and co-ordinate on a daily basis for practical issues (e.g., follow-up on administrative and financial procedures, gathering relevant statistics and other information in response to requests from the Secretariat, arranging interviews between the OECD and relevant public authorities and actors, organisation and logistics for the OECD study missions, etc.). In order to facilitate mutual communication, members of the local team should have good knowledge of the English language. In addition to the technical partner team, the local team may include or be supervised by a steering committee, composed of key actors (representatives of different layers of governments, academia, private actors such as the chamber of commerce, major
entrepreneurs, etc.). The purpose of the advisory group is to enhance and facilitate co-ordination with policy authorities, key stakeholders and institutions.

- **Gathering information.** The local team will prepare a *Background Report* (in English) presenting the main socio-economic trends, unused potentials, challenges and governance framework of the regions under review. The report will be prepared in response to a detailed questionnaire provided by the OECD. On the basis of the Background Report, the OECD will conduct a *first study mission* (organised by the local team) in the areas under review to interview key actors (policymakers from local/regional/national governments, academics and researchers, business community, NGOs, etc.). The OECD will conduct a *second study mission* involving *peer reviewers* (public officials from OECD and non-OECD countries), who will share their international expertise to deepen the assessment and policy recommendations. Both missions will also offer occasions for seminars or workshops linked to specific themes being examined in the Review.

- **Committee discussion of the Review.** The final report will be presented to the OECD Regional Development Policy Committee ("RDPC") and/or the Working Party on Urban Areas. Representatives of the requesting authorities and other institutions, if desired, will introduce the report to the representatives from OECD member countries at the RDPC meeting.

- **Presenting the results.** Upon approval by RDPC, the report will be published. A public event can be organised with the release of the official OECD publication.

**Schedule and budget**

Once the financing is secured, the entire process, from the reception of the *letter of commitment* to the official approval of the Study by the OECD Regional Development Policy Committee (RDPC), will last for roughly 14 months. An indicative timeline is presented in Table 1.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Approx. Timeline</th>
<th>Milestones</th>
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<tbody>
<tr>
<td>Initiation</td>
<td>Month 0</td>
<td>Contract signed and nomination of a local Project Co-ordinator and Local Team participants</td>
</tr>
<tr>
<td>Scoping the issues</td>
<td>Month 1</td>
<td>Preliminary discussion on key topics for the report</td>
</tr>
<tr>
<td>Questionnaire</td>
<td>Month 1</td>
<td>The OECD prepares and sends to the local team a detailed questionnaire for preparing a background report</td>
</tr>
<tr>
<td>Data and policy</td>
<td>Months 1-3</td>
<td>Preparation by the local team of a quantitative and qualitative background report on main trends and current policies in the regions</td>
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<tr>
<td>background report</td>
<td></td>
<td></td>
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<tr>
<td>First mission</td>
<td>Month 3-4</td>
<td>Review mission of about 10 days total by OECD team to conduct interviews with key actors in all three regions</td>
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<tr>
<td>Preparation of a first</td>
<td>Months 4-8</td>
<td>Preparation of a first draft report</td>
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<tr>
<td>draft report</td>
<td></td>
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<tr>
<td>Follow-up mission</td>
<td>Month 6-7</td>
<td>Follow-up missions in the three regions by the OECD</td>
</tr>
<tr>
<td>Finalisation of a first</td>
<td>Months 8-12</td>
<td>Finalisation of the first draft by the OECD.</td>
</tr>
<tr>
<td>draft</td>
<td></td>
<td></td>
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<tr>
<td>Sharing the first draft</td>
<td>Month 12</td>
<td>The OECD sends the first draft to the Local Team; the Local Team sends detailed comments to the first draft</td>
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Finalisation of report and recommendations

| Month 13 | Finalisation of report by the OECD. |
| Presentation to OECD Committee* | Month 14 | Presentation to OECD Committee for comments by member countries and approval |
| Final report publication | Following OECD approval | Finalisation of report with presentation of the results, Policy Highlights and official publication available; possible launching to be held in the regions |

*The final report must be approved by the OECD Regional Development Policy Committee (RDPC) or one of its Working Parties. The Committee meets semi-annually (generally spring and autumn), therefore exact timing of the final report is subject to this calendar.

The contribution from the requesting authorities for an OECD Territorial Review Oslo-Gothenburg-Copenhagen (Öresund) has been estimated at EUR 495,620, with the breakdown set out in Table 2. Given the number of regions and countries involved, an in-depth analysis and understanding of the local challenges and of the opportunities from greater integration requires more time than in a review of a single region. The same applies to the on-site missions to the regions for both the OECD experts and the peer reviewers, which will be longer than in a Review for a single region.

Table 2. Estimated budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Estimated Cost (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs including overheads (IT, office space, etc)</td>
<td>336,406</td>
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<tr>
<td>Intellectual services</td>
<td>40,300</td>
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<tr>
<td>Mission Costs (OECD Secretariat)</td>
<td>63,360</td>
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<tr>
<td>Mission Costs (Peer reviewers)</td>
<td>19,330</td>
</tr>
<tr>
<td>Printing, photocopies</td>
<td>5,000</td>
</tr>
<tr>
<td>OECD Grant Administration Charge (6.3%)</td>
<td>31,224</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td><strong>495,620</strong></td>
</tr>
</tbody>
</table>

Note: any overspend on one budget line may be compensated by an underspend on another budget line while remaining within the overall budget.

This budget corresponds to the cost related to the OECD Secretariat’s preparation of the study. It should be noted that this budget does not cover the following:

- Financing the organisation and work of the Local Team.
- In-country logistics/organisational costs of the missions (except for accommodation, travel to and from the regions, and subsistence for the OECD team, all of which are covered by the budget).
- The cost of interpreters for the Secretariat team during the study missions (if needed).
- The costs of any launch events in the participating regions (post-review presentations or conferences), apart from the mission costs for OECD staff participating in the launch.
- Translation and publication of the completed Review and/or Policy Highlights into a language other than English.
- The travel of representatives from the regions to meetings at the OECD.
**Role of the local team**

The Local Team will be designated by the requesting authorities. The local team will be in charge of the following:

- Appointment of a main responsible person in charge of co-ordinating the work with the OECD on a daily basis for practical issues.

- Production of a *Background Report* (in English), including main indicators of social, economic and environmental trends and presenting the main policies and strategies of the central government, along the lines of a detailed questionnaire provided by the OECD. The Background Report will reflect views from key actors in regions and their cities under review and could be published as a report by the requesting authorities after the publication of the OECD report.

- Organisation of study missions for the OECD team in the regions under review, including arranging interviews between the OECD and key actors involved in policies having an impact in the regions and their cities (policymakers from local/regional/national governments, academics and researchers, business community, NGOs, etc.), and providing facilities for meetings and local transfer.

- Assistance with the organisation of possible thematic seminars with logistical support, contacting and mobilising participants and stakeholders from the region or country under review, onsite support and help preparing field activities.

- Mobilisation of senior officials to attend the Regional Development Policy Committee (RDPC) and/or Working Party on Urban Policy meeting to be held in Paris, and to participate in the session where the final report will be presented and published.

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