

Executive summary

The COVID-19 pandemic, one of the most severe crises in a century, has been affecting economies and societies profoundly but also asymmetrically across places. The health impact has been particularly hard in some areas within countries. For example, in some regions of Colombia, Italy and Spain, the number of deaths between February and June 2020 was at least 50% higher than the average over the same period in the 2 previous years. While reminding that places can be very vulnerable to external shocks, the pandemic highlighted that regions and cities need to be prepared to face crises and other important megatrends in the future, such as ageing, climate change and digitalisation.

This report provides a comprehensive assessment of how regions and cities in OECD member and selected non-member countries fare in their efforts to build stronger, more sustainable and more resilient economies and societies. The 2020 edition of *OECD Regions and Cities at a Glance* provides key facts based on a large number of indicators for regions and cities related to health, well-being, economic and environmental conditions. By combining official statistics with new, modelled indicators based on less conventional data sources, the report covers trends in urbanisation, economic growth, employment and entrepreneurship, and analyses regions and cities' preparedness to face global crises and adapt to megatrends.

At the onset of the pandemic, not all regions were equally prepared to face the health emergency. Over the last decades, most regions in OECD countries have seen a significant reduction in the number of hospital beds available per inhabitant, with an average decline of 6% since 2000. This general decline – in part due to changing approaches to healthcare – coincided with a re-organisation of health services across space, with a higher concentration of hospital beds in the largest cities or in their close proximity. In this context, the availability of hospital beds fell by an average of over 20% in remote regions since 2000.

Living standards, environmental quality and morbidity are other important factors that determine the degree to which regions and cities are resilient or vulnerable to health crises. For example, the air people breathe in a given country can be clean in some areas but highly polluted in other, often densely populated areas. In fact, the most polluted city in a given OECD country has on average an 8 $\mu\text{g}/\text{m}^3$ higher concentration of particulate matter than the least polluted city, a large gap taking into account the 10 $\mu\text{g}/\text{m}^3$ total concentration that the World Health Organization recommends not to go over.

The measures implemented by countries to contain the spread of COVID-19 have affected the economy and labour market of all places profoundly. The crisis triggered a massive shift towards remote working, although that was not possible to the same extent everywhere. The potential for remote working largely depends on the proportion of jobs that are amenable to remote working, which is determined by the task content of occupations. Within OECD countries, the share of workers that can potentially work remotely differs by 15 percentage points on average, ranging from more than 50% in a number of capital regions (i.e. Ile de France, London, Stockholm) to less than 25% in some

regions of Colombia, Italy, the Slovak Republic, Spain and Turkey. These subnational differences give rise to a potentially larger economic shock in places with lower remote working capacity.

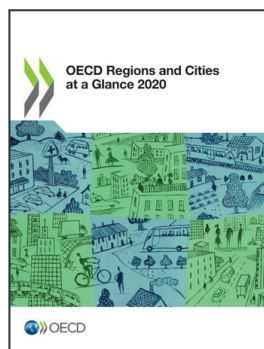
As pointed out by the current crisis, making regions and cities resilient to global crises also requires the capacity to seize the opportunities offered by digitalisation. However, the lack of high-speed Internet connection and digital take-up in some regions limits such capacity. In some regions in Italy, Portugal and Turkey, one-fourth or more of the population either does not use the Internet or does not have a computer. At the same time, the share of people with access to fast (above 30Mbit/s) Internet networks, a crucial requirement to support the increasing need for remote working, differs by 23 percentage points within OECD countries, on average, combined with a large urban-rural gap in several countries.

Whether the COVID-19 pandemic will affect regional economic disparities remains to be seen. However, long-term trends in GDP per capita differences help put the economic resilience of regions into perspective. After a period of decline in the early 2000s, gaps in GDP per capita across small regions in the OECD area taken as a whole have increased, reflecting a long-standing process of concentration of population and economic activities in metropolitan areas. The evolution of regional economic disparities remains very heterogeneous across countries. Contrary to the OECD-wide trend, one-half of OECD countries experienced an increase in the gap between their richest and poorest regions. Trends in regional productivity follow similar patterns. Since 2008, only one-third of OECD countries have experienced an increase in productivity in all regions.

While the COVID-19 crisis and the widespread shift to remote working might favour a resumption of population growth in certain low-density areas, long-term trends suggest that cities are continuing to grow. What is more, the population in cities with more than 50 000 inhabitants is projected to increase from 48% to 55% of the total world population by 2050. Cities have succeeded for decades in attracting an increasing amount of people, especially the young, from other, less accessible areas. As a result, with a 4-percentage point higher share of elderly per working-age population than other regions, on average in OECD countries, remote regions need to prepare faster and more effectively to population ageing.

As regions and cities are fighting the disruptions caused by the global pandemic, they are also advancing in the green transition and the consequent move towards a zero-carbon economy. In this respect, low-density, remote regions have made the biggest progress in the transition to clean energy production, generating 40% of the clean electricity in OECD countries and thus emitting less CO₂. On the other hand, households living in capital regions often show the lowest energy consumption and have managed, during the last two decades, to reduce their waste generation significantly.

To achieve the objective of faster recovery and higher resilience to future shocks, policy in all domains should be co-ordinated across government levels and target places according to their specific needs. As of 2019, both regional and municipal governments each account for nearly 19% of total public spending in OECD countries with comparable data. At the same time, regional governments taken alone are responsible for 22.4% of total public investment, potentially providing crucial help also for the transition to a low carbon economy. Given that health and social services are other important policy domains for subnational governments, regions and cities are at the forefront in making our societies more resilient and sustainable.



From:

OECD Regions and Cities at a Glance 2020

Access the complete publication at:

<https://doi.org/10.1787/959d5ba0-en>

Please cite this chapter as:

OECD (2020), "Executive summary", in *OECD Regions and Cities at a Glance 2020*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/29aed23a-en>

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