PREPARING REGIONS FOR DEMOGRAPHIC CHANGE

OECD PROJECT
SHRINKING SMARTLY AND SUSTAINABLY

BACKGROUND

Governments in countries facing demographic changes face the need to adapt infrastructure, housing, and public services to a new population scale in a way consistent with environmental objectives. **Population decline and ageing** lead to a **mismatch between infrastructure, service provision and the built environment** on the one hand, and the **needs of the local population** on the other. Governments and local communities must adapt to the declining demand for certain services such as education and the increased demand for others, such as health and long-term care. As tax bases decrease and per capita costs of service and infrastructure provision increase, governments also need to develop efficient **land-use and spatial development plans** while aiming at **maximising the well-being of local resident people**.

THE PROJECT

Launched in February 2023, the OECD project **"Shrinking Smartly and Sustainably"**, financially supported by the European Commission, and part of the **workstream "Preparing Regions for Demographic Change**, makes use of an analytical and a policy pillar based on a **diagnosis** and **three policy areas**:

1. Land-use, housing, environment, and spatial planning;
2. Multi-level governance, subnational finance, public service delivery and infrastructure;
3. Shrinking small towns and cities.

This 36-month project aims at helping policymakers address demographic changes in regions and cities experiencing **substantial and sustained decrease in population and faster ageing**. It draws on **policy and quantitative analysis** as well as **dialogues** between external experts, academics, and practitioners from OECD countries. It comprises two main pillars:

1. The **analytical pillar** uses **internationally comparable data** and complementary sources for selected countries to disentangle the drivers of demographic change and produces indicators relevant to regions facing population decline. It uses **new and updated data** on demographics, land-use, built environment, housing, infrastructure and fiscal data to analyse population shrinkage. The analytical pillar proposes:
    *   internationally comparable indicators relevant for shrinking regions;
    *   and a technical paper on demographic scenarios.

2. The **policy pillar** explores the **relationship between depopulation, ageing, land use planning, multi-level governance structures and finance**, including for service delivery and infrastructure. Looking at **policy options** available at the national and regional levels, the policy pillar includes:
    *   a paper proposing a policy framework to address demographic change;
    *   a compendium of good policy practices to manage population decline;
    *   a set of guidelines for the multi-level governance of demographic change;
    *   three country case studies on:
        a. land use planning, built-up growth, and housing, in Korea;
        b. multi-level governance and finance – with a focus on service delivery and infrastructure – in Finland;
        c. and shrinking small cities, in Portugal;
    *   three peer-to-peer knowledge-exchange dialogues – bringing together policy practitioners from a variety of OECD member states and providing a wealth of different experiences that will feed the project's deliverables;
    *   and a synthesis report.

A **Consultation Group** made up of experts and academics reflecting the various policy areas of the project is supporting the OECD throughout the project.

OECD

The Organisation for Economic Co-operation and Development (OECD) is an international organisation that works to build better policies for better lives. Our goal is to shape policies that foster prosperity, equality, opportunity, and well-being for all. We draw on 60 years of experience and insights to better prepare the world of tomorrow.

Together with governments, policy makers and citizens, we work on establishing evidence-based international standards and finding solutions to a range of social, economic, and environmental challenges. From improving economic performance and creating jobs to fostering strong education and fighting international tax evasion, we provide a unique forum and knowledge hub for data and analysis, exchange of experiences, best-practice sharing, and advice on public policies and international standard-setting.

CFE

The Centre for Entrepreneurship, SMEs, Regions, and Cities (CFE) helps national, regional, and local governments unleash the potential of entrepreneurs and small and medium-sized enterprises (SMEs), promote inclusive and sustainable growth in regions and cities, boost local job creation and implement sound tourism policies.

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