



Regions and Cities: Where Policies and People Meet

Chair's Summary

Marseille, France / 5-6 December 2013

Third Ministerial Meeting

OECD Territorial Development Policy Committee

We, Ministers responsible for regional and urban policies and local governments, met under the Chairmanship of France and the Vice-Chairmanship of Japan and Mexico on 5-6 December 2013 in Marseille under the title *“Regions and cities: Where policies and people meet”*.

Our deliberations were driven by the imperative to restore growth in an inclusive and environmentally sustainable way, to create jobs, and to regain public trust. We agreed that mobilising cities, regions, private operators and civil society around place-based policies can generate opportunities for skills development, investment and innovation, and directly contribute to a better quality of life.

We recommend that national governments rethink their policies to harness the potential of cities and regions to meet today’s challenges, prepare for tomorrow and build resilient societies. To complement traditional macroeconomic approaches that focus on the national level, cities of all sizes can make considerable contributions to job creation and growth. Green growth and climate change mitigation efforts only make sense if national and sub-national policies work together. To improve well-being, policies need to take into account where people live and work. Inclusive growth must be tackled within countries, but also within metropolitan areas where inequalities can be the most pronounced. Upgrading skills and better matching people to jobs in the labour market requires localised responses.

We consider public investment a shared responsibility across levels of government. Of the USD 1.2 trillion in public investment spent in 2012 across the OECD, 72% was undertaken by sub-national governments. Therefore, more efficient public investment requires a whole-of-government response. These investments need to be tailored to the growth opportunities and citizen preferences in different places. But, as a result of the crisis, sub-national public investment declined 13% over the last three years (around 20% in countries of the European Union). Private investment has also contracted. The long-term impacts of disinvestment or deferred maintenance of our critical infrastructure for transport, education, health care and water resources management could diminish the ability of regions and cities to remain competitive and serve the needs of citizens. Even during periods of economic expansion, poorly managed investments can have negative consequences for the future in terms of public spending, environmental impacts and public service delivery.

The Principles developed by the Territorial Development Policy Committee (TDPC) offer a plan for action and we call for their transformation into an OECD instrument, together with an implementation toolkit. Implementing these recommendations will lead to more effective co-ordination mechanisms, stronger capacities and better framework conditions. They will help to achieve greater coherence and complementarity across policies and levels of government as well as to better leverage

private investment. To accomplish these tasks, we ask the OECD to enhance its dialogue with sub-national governments (cities and regions) as key partners of the TDPC, as well as financial institutions and private operators that can provide financing and expertise for investment.

[Our governments can improve the well-being of most of our citizens by addressing the problems facing cities.](#) The evidence produced by the OECD shows that a well-balanced system of cities favours positive economic benefits to all regions across a country. While productivity, wages and the availability of many amenities generally increase with city size, so do inequality, pollution, housing prices, congestion, crime, and lack of trust in governments and fellow citizens. These negative factors can be mitigated through policies at the national, regional and city level that promote access to jobs, equal opportunities in education, decent housing, adequate health care, efficient transport and safe neighbourhoods. It is therefore essential to develop synergies across policy fields as well as among public and private actors.

[We invite the OECD to provide further tools to assist governments in the review of their national urban policy frameworks to make our economies and societies more resilient.](#) Cities are places where policy actions can be better coordinated across sectors, places and levels of government. Our national urban policy frameworks need to focus more on opportunities rather than only on problems, such as social exclusion, infrastructure bottlenecks or the need for urban regeneration. Better urban policy approaches will help us to improve the quality of life for residents of all ages as well resilience to natural disasters and climate change. Better cities will also contribute to job creation and innovation capacity. We should look beyond traditional urban policies and include the whole range of national-level policies that affect urban development, such as: local public finances and policies for infrastructure, transport, housing, land use, and the environment, as well as policies concerning migration and demography, the labour-market and human capital. Urban policy must also foster the potential of medium and small-sized cities and the surrounding rural areas.

[Both the governance of public investment and a national strategy for cities call for implementation that takes into account the realities of where people live and work – in other words, fitting policies to places.](#) Large cities require adapted governance arrangements to metropolitan areas. Such arrangements can help overcome a mismatch between administrative boundaries and socio-economic realities as well as reduce municipal fragmentation. We also need to encourage more partnerships between rural and urban regions to better manage population flows, labour markets, the consumption and production of food and energy, and environmental interactions. The relevant scale for regional and urban development goals, such as innovation promotion or water resources management, often crosses different local, regional or even national borders. To do so, we need to mobilise a large number of public, private and civil society

stakeholders to provide more efficiently needed public goods and services as well as account for positive and negative spillovers from one area to the other.

We invite the OECD to develop measurement tools as well as advise on policy approaches and governance arrangements that help our governments to fit policies to places. The work conducted by the OECD on regional statistics and functional urban areas (Regional and Metropolitan Databases) provides a critical input to increase our understanding of socio-economic and environmental conditions at the relevant scale. Additional spatial scales for data analysis, such as rural-urban interactions, as well as measurement topics, such as well-being, should be pursued. The relevant scale also needs to take into account the institutional landscape as well as the specificities raised by different policy sectors such as innovation, water and transport.

We encourage engagement with non-Member countries to these critical discussions for our policy agenda. Countries that are rapidly urbanising or already highly urbanised, such as in East Asia or Latin America, require urgent measures to ensure sustainable and equitable growth. Ministers from the Mediterranean basin illustrated how the stability of their countries depends on their ability to address the development needs of their different regions and cities. Knowledge sharing between OECD and non-OECD countries on global challenges, such as inclusive and sustainable development, needs to be developed.

We have greatly benefited from the conclusions of the Fifth OECD Roundtable of Mayors and Ministers held on 4-5 December 2013. The outcome of their discussions highlighted the value of having a regular dialogue with leaders at different levels of government.

In conclusion, we invite the OECD continue to provide vital data as well as policy-relevant advice and implementation guidance, including to:

- Adopt the principles for effective public investment, given the shared responsibility across levels of government for investment decisions and implementation.
- Design national urban policy frameworks to meet the economic, social and environmental needs and opportunities in cities of all sizes.
- Develop new data, policy and governance tools that enable governments to better fit policies to places, thereby promoting policy action at the relevant scale, including for key sectors, such as innovation, water and transport.
- Promote dialogue between our governments and the OECD with regional and city leaders, as well as financial institutions, private operators and social partners, to achieve these goals.