# **Executive summary**

## **Key findings**

The 2014 OECD Territorial Review of the Netherlands suggested that the country could be getting more out of its largest cities. In search of ways to strengthen urban areas, the Dutch government has recently undertaken the development of a National Urban Agenda, known as Agenda Stad, in parallel to a series of broad institutional reforms. One such reform was the abolition of the eight city-regions (stadsregio), which had for decades managed a range of functions in the country's largest urban areas. Subsequently, Rotterdam, The Hague and 21 smaller neighbouring cities decided to form the Metropolitan Region of Rotterdam-The Hague (Metropoolregio Rotterdam Den Haag, MRDH). The MRDH and Amsterdam were the only two urban areas in the country to emerge from the latest reform with their own new metropolitan governance arrangements; in all other Dutch urban areas, the responsibilities and corresponding budgets of the cityregions were transferred to provinces and municipalities.

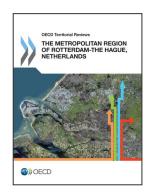
The current review analyses the emergence of the MRDH, both as a geographical area that spans 23 municipalities in the southern Randstad region, as well as a new metropolitan authority tasked with transport and economic development responsibilities for this territory. One of the core ambitions of the MRDH authority is to bring the economies of Rotterdam and The Hague closer together while generating growth and well-being.

#### Among the key findings:

- The largest Dutch cities have not benefited to the expected degree from agglomeration economies, measured in terms of labour productivity levels. In the case of the MRDH, the distinct socio-economic profiles of Rotterdam (centred on the port and logistics activities) and The Hague (specialised in public administration and services) have contributed to weak functional integration of the MRDH area, as the two cities have not traditionally considered themselves as natural partners. Public policies have also played a role in constraining the development of large urban areas, thereby limiting potential agglomeration benefits.
- Despite progress, the MRDH is not yet a single, functionally integrated urban area, as indicated for example, by relatively low commuting flows between Rotterdam and The Hague. Commuting within the MRDH area increased between 2001 and 2011, but the gains have largely been driven by travel from smaller municipalities to Rotterdam and The Hague.
- To some extent, the abolition of the city-regions in the Netherlands, which led to the creation of the MRDH, runs counter to OECD trends in metropolitan governance. Contrary to the recent reforms in the Netherlands, many OECD countries have created specific mechanisms for metropolitan governance in recent years.

### **Key recommendations**

- The MRDH aims to bring the economies of Rotterdam, The Hague and their surrounding municipalities closer together to strengthen agglomeration economies. To do so, the MRDH could pursue two overarching strategies in parallel: focusing inward to promote greater integration of the MRDH while looking outward to boost the national and international profile of the region.
- In terms of its economic development pillar, the MRDH needs to add value in an already crowded institutional field. Concrete, federating projects that can deliver results over the short and long term are needed. This could include both small quick wins to maintain political momentum and larger flagship projects to bring the region closer together.
- In terms of its transport pillar, the MRDH may need public support to be effective. OECD experience suggests that strong public support can enable metropolitan authorities to implement more politically difficult reforms (e.g. congestion charges) over the long term. The MRDH will need to demonstrate that it can solve tough issues, such as congestion, and communicate on its progress.
- Achieving greater functional integration of the MRDH should be understood as a
  long-term ambition. There is no silver bullet to increase the economic ties
  between the former city-regions of Rotterdam and The Hague overnight, nor will
  the process be automatic. Rather, it will take a range of policies and programmes
  related to economic development, spatial planning, housing and transport,
  implemented at different levels of government, to further these ambitions.
- The relationships, and potential competencies, of different levels of government are likely to continue to evolve over the long term. Co-operation between the MRDH and the Province of Zuid-Holland has markedly improved in recent months; this foundation will be critical moving forward, as the MRDH and the province must work together effectively to co-ordinate economic, transport and spatial planning. However, considering recent OECD trends, governance configurations may need to evolve further over time.
- With the development of its National Urban Agenda, the central government is rethinking its role in governing the country's urban areas. In addition to the introduction of new tools to strengthen cities, national policy makers may also consider reviewing the range of policy domains that affect the performance and functioning of urban areas (e.g. housing, spatial planning, transport) to ensure that these policies are consistent with the broader objectives for cities and urban areas.
- At national level, the Dutch approach to cities and urban regions is shifting toward a more nuanced, tailored and collaborative approach to the management of urban areas. This policy shift resonates with broader trends across the OECD and should be of wider interest to policy makers beyond Dutch borders.



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