

National Place-based Policies in the Netherlands

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OECD QUICK SCAN ON NATIONAL PLACE-BASED POLICIES IN THE NETHERLANDS

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EXECUTIVE SUMMARY

1) Assessment of national place-based policies of the last four years

(“How does the OECD assess the place-based initiatives taken since 2007, in the context of the crisis?”)

The Netherlands has successfully transformed the strategic approach of its national place-based policies. In this approach, investments in key areas such as infrastructure and housing are strongly coordinated and focused on strong city-regions. The Randstad Urgency Programme and Randstad 2040 Vision are examples of this approach, as well as the so-called Area Agendas that are connected for the Multi-annual Programme for Infrastructure, Spatial Development and Transport (MIRT), created in 2008. The approach in the 2004 “Peaks in the Delta”-paper (from support for lagging regions to incentives for strong regional clusters) has been supplemented by an emphasis of the importance of strong city-regions. This new approach is an important accomplishment, as it provides the best conditions for strong city-regions in the Netherlands to exploit their comparative advantages on a global scale, while at the same time benefiting weaker regions through functional interrelations with the stronger, more internationally connected regions. The focus on strong cities in recent policies is promising, in particular within the context of a highly urbanised country as the Netherlands and considering that cities in many OECD countries function as engines of national economic growth. The increased holistic, cross-sectoral approach of policies promises many policy complementarities at the sub-national level, which are particularly relevant for densely populated areas such as the Netherlands where land is scarce. As such, they might increase the efficiency and effectiveness of national policies. Experience from OECD countries shows that policies for regions are most effective when infrastructure investment, spatial planning and regional economic development policies are well coordinated with each other; the policies introduced in the Netherlands over the last years provide good illustrations of how this could be done.

Place-based policies have been complementary to other national policies, but might increase in effectiveness if they were focused even more on specific regional comparative advantages. The place-based policies initiated over the last years have contributed to strengthening regions in the Netherlands, e.g. by improving quality of place, infrastructure and other determinants of regional competitiveness. As such, they have strengthened the structural economic perspectives of Dutch regions and thus of the national economy. Although place-based policies have played a relatively limited role in Dutch crisis and recovery policies which had mainly a national focus, it is the strengthening of the regional economic structure that is essential for economic recovery and the longer-term economic development. As such, the economic crisis has underlined the importance of place-based policies. A challenge for place-based policies in the Netherlands is to create synergies between the two main economic regions in the Netherlands (West and South; or more specifically: the Randstad and the Brainport-region), using and combining their different strengths, even if the extent of spatial specialisation is relatively limited, with both regions having many economic clusters in common. The last Reviews on national regional policies in the Netherlands were the OECD Territorial Review of the Randstad (2007) and the OECD Rural Policy Review (2008). Main challenges identified in these Reviews were accessibility, housing and governance. Progress has been made with respect to governance and accessibility, whereas housing policies have not undergone major changes.

Several laudable initiatives have been taken to improve governance arrangements. Most of these are pragmatic, aimed at realising common goals rather than changing administrative structures. Examples include the Randstad urgency programme and a programme minister for the Randstad. These innovations appear to have been useful in increasing the commitment of national government and other actors to achieving place-based objectives. There have been several good examples of forward-looking visions within the domain of place-based policies, such as the “Randstad 2040” vision and the preparation for an Olympic Bid. Important steps have been made to simplify regulation (e.g. with respect to permits) and accelerate decision-making processes. Provinces have become more important players in regional policies but have shown limited capacity for inter-provincial coordination. Intersectoral coordination at the national level has increased. The creation of the Multi-annual Programme for Infrastructure, Spatial Development and Transport (MIRT) in 2008 increased the coherence of long-term place-based investments, Randstad 2040 presents an integrated spatial vision, and the overlap between regional-economic policy and innovation policy has been minimised over the last years in a pragmatic way. These are all welcome developments that have probably resulted in more efficient and effective policies; through the improved cross-sectoral alignment, policy complementarities can be achieved. At the same time, there remains room for improvement. There is still a variety of programmes from different ministries with their own logic, administrative and financial mechanisms and rules for accountability.

Despite a strong policy focus and the realisation of several projects, accessibility of the Netherlands - in particular the Randstad - remains an important challenge for the future. An ambitious programme to improve mobility in the Netherlands has been put in place, which includes important initiatives to increase accessibility via several different travel modes (e.g. to improve the connections between highways and regional roads, improve highway capacity by solving 30 bottlenecks using accelerated legislative processes, and increasing the frequency of the busiest railway connections to a level of every 10 minutes in 2020, and the accommodation of (international) freight transport). This programme has a laudable place-based focus, involving different government tiers. This place-based approach to mobility, which fits in a larger tendency towards more place-based policies in the Netherlands, is commendable because it could ease the intergovernmental cooperation that is required considering that responsibilities for transportation and infrastructure are divided over different government levels in the Netherlands. Moreover, this approach appears well suited to provide a more holistic view on regional mobility, which might avoid the common phenomenon that solving one particular traffic bottleneck leads to other bottlenecks in the same region. Initiatives have been put in place to facilitate quicker decision-making on infrastructure projects, which will enable quicker adaptation of investment needs to transport demand. This acceleration of infrastructure investment is all the more welcome within the light of the fiscal stimulus required to combat the economic crisis. An innovative road pricing system with national coverage was prepared, but this has resulted in political stalemate. Several challenges remain: the Dutch labour force has longer commuting times than those in other European countries and road and rail infrastructure in the Netherlands, particularly in the Randstad, are among the most heavily used in the OECD. This causes congestion, the costs of which are estimated at 0.5% of annual GDP. Congestion is an urgent challenge to the Netherlands, as its housing markets are comparatively rigid and regional labour-market mobility relatively limited, which means that commuting is essential to providing labour-market deepening. Accessibility continues to be an important concern: analysis of projected transport bottlenecks in 2020-2028 indicates that the most urgent bottlenecks are probably going to be in the Randstad and its connections with neighbouring areas such as the North Brabant province and the Arnhem-Nijmegen city region.

Housing markets remain relatively rigid, particularly in the largest cities. This rigidity is especially evident in the rental sector; strict rent regulation and rigid allocation mechanisms, especially in social housing, hinder labour mobility. As a result, the price mechanism is switched off, with long waiting lists (queuing) as well as illegal subletting of rental dwellings, particularly in Amsterdam. Social housing often misses its target: a large share of the social housing stock is occupied by households on medium or

high incomes, whereas a considerable share of the lower income groups do not succeed in accessing the supply of social housing. Housing shortages are foreseen in the main economic regions of Netherlands, but the national government has not made funding available to help solve this challenge. The integration of the urbanisation agreements in the decision-making processes of the Multi-annual Programme for Infrastructure, Spatial Development and Transport (MIRT) will help to increase a holistic and integrated view of housing linked to spatial planning and infrastructure and might increase the effectiveness of place-based policies. In addition, the innovative approach to look for unorthodox measures to fund inner-city housing production is a promising one, but it remains to be seen to what extent such an approach results in more housing production. The economic crisis has made the housing market in the Netherlands morose and even less mobile.

2) Recommendations for the coming years

(“What are the main place-based instruments that the Netherlands should use to combat the economic crisis? What are the main place-based initiatives to take in order to improve long term competitiveness?”)

Build on the accomplishments of national place-based policies. Current developments to strengthen place-based policies should be continued and further alignment of sectoral policies could be stimulated, using flexible and multi-scalar approaches currently applied in initiatives such as the Randstad Urgency Programme, the Randstad 2040 Vision and the Area Agendas. These broad integral policies will contribute to strengthening the economic structure of the main regions of the Netherlands and thus provide good conditions for economic recovery and long-term economic development. In addition to the current emphasis in policies on the Randstad, an additional focus, complementary to the economic focus already existing in the Peaks in the Delta programme, on the polycentric metropolitan region in North Brabant (Brainport-region) could be considered. The number of strong clusters supported in the framework of innovation policy and regional-economic policy could be reduced in order to increase the focus and impact of these policies. If there would be a new national urban policy, this could be aimed at identifying the main local comparative advantages and at increasing synergies between different cities. A new mandate for the Peaks in the Delta programme could be targeted at strengthening main clusters by creating more synergies between policies. The focus of these policies should continue to be on strong regions and strong cities, but national policies could have a larger role in stimulating synergies between the different regions (e.g. the main gateways in the Netherlands and Brainport). Further streamlining of Peaks in the Delta and the innovation programmes should be considered and it would be advisable to investigate where the national government should stimulate the development of science parks, in order to further stimulate strong economic clusters.

Continue improving the accessibility of regions in the Netherlands, in order not to hinder their competitive position. Long-term infrastructure investments should focus on accessibility in the Randstad and the access between Randstad cities and neighbouring areas, such as North Brabant province and the Arnhem/Nijmegen city region. The role of railways in providing (regional) public transport should be acknowledged and the influence of regional governments on the priorities of the national railway company increased. The design of a road pricing scheme could be simplified in order to increase its effectiveness in combating congestion, and the application of pricing mechanisms at the regional level – such as parking fees - could be stimulated. In addition, some of the temporary measures in the Crisis and Recovery Act (to accelerate infrastructure projects) could be made permanent. Although the timing of most of these measures might be such that their impact on economic recovery from the crisis is relatively limited, they will arguably have an impact on long-term competitiveness of regions in the Netherlands, especially as far as they improve accessibility in currently congested metropolitan areas. Accessibility of the Netherlands - in particular the Randstad, North Brabant and Arnhem/Nijmegen - remains an important challenge for the future. Infrastructure investments aiming at solving congestion in these regions would need to be secured and plans will have to be developed for 2020-2028.

Reform housing policies. Considering pessimistic prognoses on housing production in the first years after 2010, there might be a case for extending national funding beyond 2010. Within the light of the current financial uncertainty on national financial involvement, there is all the more reason to solve rigidity in housing markets, particularly in the largest cities, both in the rental and owner/occupied sector, in order to increase housing mobility and to limit social welfare losses connected to current policies. A variety of measures could be taken to improve the functioning of the regional housing markets, and thereby increase the attractiveness of regions in the Netherlands. Rental markets could be liberalised and social housing and rental subsidies targeted to those population groups that are most vulnerable. The market for owner/occupied homes could be reformed by lowering or abolishing the transfer tax and phasing out tax credits and subsidies for home owners. Co-ordination of these two reforms will be important: reforming one segment of the housing market without the other risks increasing the distortions in whichever segment remains unreformed. It may also appear unjust, since the costs of change will fall disproportionately on those in the reformed segment.¹

Further elaborate intersectoral place-based governance approaches. There is a need to stimulate further integration, simplification and streamlining of the different budgets and regulations for place-based policies, using the MIRT as the principal mechanism for decision-making on place-based policies and programmes. In such an approach, water programmes, including protection against flooding and rising water levels, should be better incorporated in other place-based programmes. Burdens connected to the overlapping reporting requirements of different programmes could be further reduced. Long-term visions, such as Randstad 2040 and the preparation for the Olympic Bid, could be incorporated in planning and investment frameworks, such as MIRT and a subsequent Randstad urgency programme, in addition to the already integrated Area Agendas and the Mobility Plan (*Mobiliteits Aanpak*). The national programme for the Randstad should continue, and the authorities should consider extending the approach to other regions (e.g. the Brainport-region), albeit while applying a more selective and strategic focus, with more instruments for the ministers responsible for projects.

Strengthen regional governance. Governance arrangements at the level of the city-region (WGR-plus) could be improved by providing them with more instruments and funding and rolling them out to other metropolitan areas in the Netherlands. The government should consider providing more instruments to the public transport coordination body for the Randstad, in order to achieve an area-wide high quality public transport network.

NATIONAL PLACE-BASED POLICY IN THE NETHERLANDS

This paper provides a quick scan of national place-based policy in the Netherlands. It anticipates an OECD Territorial Review of the Netherlands that will be conducted in 2011 and is intended as a follow up of an OECD Metropolitan Review of Randstad-Holland (2007) and an OECD Rural Policy Review of the Netherlands. This paper aims to analyse the main characteristics and performance of regions in the Netherlands, synthesise policy developments within regional policy since 2007, assess progress made since these two Reviews and indicate possible remaining or new challenges for Dutch place-based policy.

1. Characteristics of regions in the Netherlands

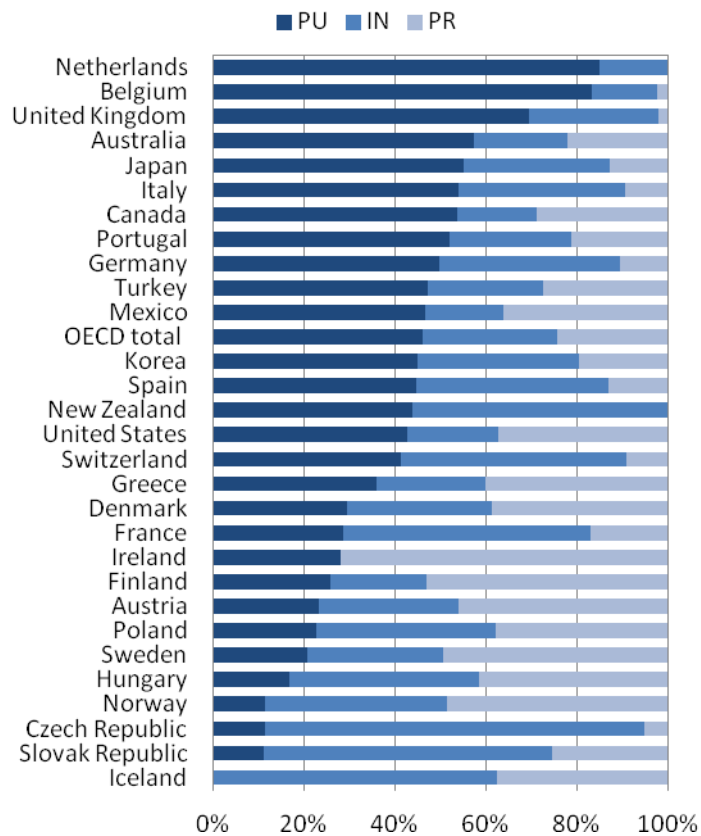
1.1 What are regions in the Netherlands?

There is a variety of possible definitions of regions in the Netherlands. The Netherlands has two sub-national government tiers: provinces and municipalities. In addition, there is a functional sub-national tier of public authority: water boards. In 2010, there are 12 provinces, 430 municipalities and 27 water boards. For international comparisons, there are four TL 2-regions (NUTS 1) and 12 TL 3-regions (corresponding to the twelve provinces; NUTS 2). At lower aggregation level are the 40 COROP-regions (NUTS 3) and 430 municipalities. Some territories are indicated by very common terms, such as Randstad, without there being an official definition of exactly what territory is covered.

These demarcations do not necessarily correspond to functional realities. Functional regions are those areas in which most vital activities of people and firms take place. Functional regions can be defined by commuting patterns, trade flows, and travel for recreation and entertainment. They can also be determined by shopping regions centered on malls or supermarkets, areas served by branch banks, and ports and their hinterlands. Commuting flows indicate that the functional regional level in the Netherlands might be located somewhere between the provincial and municipal levels. In the OECD Metropolitan Database, a threshold of 10% net commuting rate is used to define functional labour markets². Commuting between provinces in most cases represents no more than 5% of the total provincial labour force (with the exceptions of Flevoland, with a net out-commuting rate of 17%, mainly to North Holland, and North Holland itself, which has a net in-commuting rate of 6%). The COROP-regions are so designed as to express integrated labour markets, although several COROP-regions are interlinked with each other through commuting: 18 out of 40 COROP-regions have a net commuting rate that is higher than 10%.

The Netherlands is, on some measures, the most urbanised country in the OECD. All regions in the OECD are categorised according to the OECD Regional Typology, which distinguishes between predominantly urban regions, intermediate regions and predominantly rural regions³. The Netherlands is exceptional in that it does not have any predominantly rural regions according to this typology; no other OECD country has this characteristic (Figure 1). At a lower aggregation level, though, the Netherlands does have predominantly rural areas: there are around seventy municipalities that could be considered rural areas and there is a rural policy directed at rural areas (OECD, 2008). The highest rates of urbanisation and population density can be found in West and South Netherlands; North Netherlands is the least urbanised part of the country. The polycentric metropolitan area of the Randstad, comprising Amsterdam, Rotterdam, The Hague, Utrecht and several medium-sized cities, covers most of the territory of West Netherlands.

Figure 1. Typology of TL3-regions in OECD countries (2005)



Source: OECD Regions at a Glance 2009

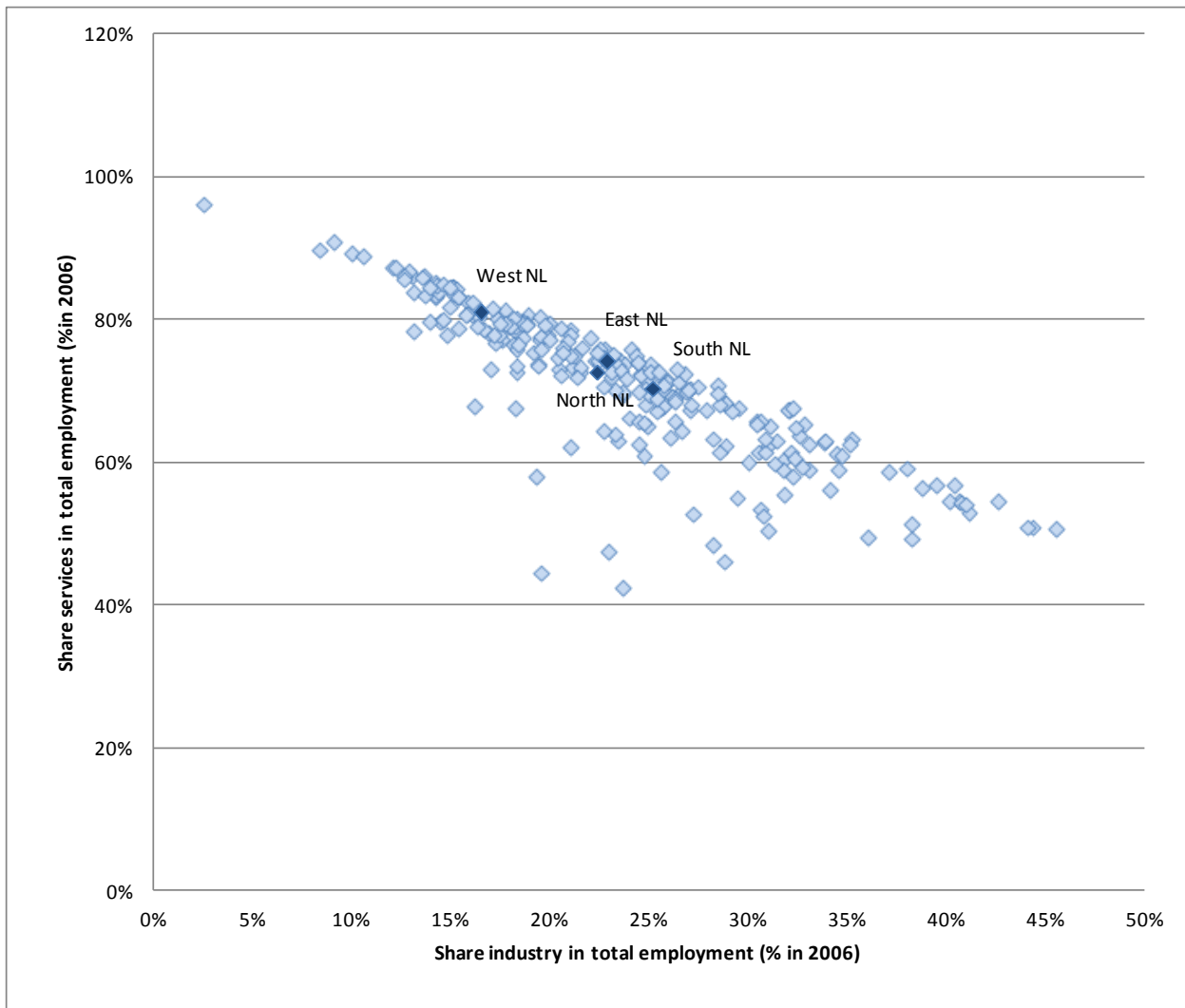
Note: PU indicates predominantly urban regions, IN indicates intermediate regions and PR indicates predominantly rural regions.

1.2 Economic characteristics of regions in the Netherlands

The extent of spatial specialisation in the Netherlands is relatively limited. Services are relatively most present in Western Netherlands (81% of total employment), industry in South Netherlands (26% of employment) and agriculture is more dominant in Eastern and North Netherlands (4% and 5%). Compared with other regions in the OECD, the share of service employment in West Netherlands is relatively high, whereas the employment shares in both services and industry in the other three regions are comparable to most OECD regions (Figure 2). Despite these patterns, the degree of spatial economic specialisation in the Netherlands is relatively limited. In a variety of sectors the degree of economic specialisation across TL2-regions is lowest (construction, real estate, renting and business activities) or second lowest (wholesale, retail and trade; hotels and restaurants) in the OECD. Although economic clusters have been identified in 21 different economic activities, most of these are shared among regions in the Netherlands.⁴ The regions who have most clusters in common are West and South Netherlands; they share specialisations in 16 of the 21 clusters identified. There are only three clusters in which West Netherlands is exclusively specialised:

IT, Food and Distribution. South Netherlands is the only region in the Netherlands with a cluster in production technology.⁵

Figure 2. Share of industry and services employment among TL 2-regions (% in 2006)



Source : OECD Regional Database

As a consequence of similarities in economic specialisations, regions in the Netherlands have to a large extent the same “competitors” in Europe. These competitors are regions that are specialised in similar economic clusters and thus compete for skilled labour and investment, as well as for customers. These similarities, apart from indicating competing regions, could also express the economic forward and backward linkages between firms in the same clusters within these regions. West Netherlands has nine of its ten main “competitors” in common with South Netherlands, and eight out of ten with East Netherlands. The most important of these are Catalonia, Lombardia, Denmark (in these statistics considered as one region), Madrid and London. These links are different from the links between Dutch regions and other OECD regions with respect to co-patents. However, Dutch regions also have many links in common with respect to foreign co-patents: all four regions have important co-patent links with Nordrhein-Westfalen and Baden-Württemberg, whereas three regions (all except South Netherlands) have co-patent links with the Eastern UK and Colorado (Table 1).

Table 1. Foreign co-patent links of Dutch TL 2-regions

North Netherlands	East Netherlands	West Netherlands	South Netherlands
Eastern UK	Hessen	Washington	Vlaams Gewest
Rhode Island	Colorado	Baden-Wuerttemberg	Nordrhein-Westfalen
Colorado	North West UK	Colorado	Montana
North West Switzerland	North Carolina	Hessen	North Carolina
Baden-Wuerttemberg	Eastern UK	Nordrhein-Westfalen	Baden-Wuerttemberg
Nordrhein-Westfalen	Nordrhein-Westfalen	Vlaams Gewest	Bayern
Rheinland-Pfalz	Region Wallonie	Berlin	Rhone-Alpes
Mississippi	Kanto	Ontario	Kentucky
Yorkshire & Humberside	Mississippi	Eastern UK	Ohio
Zurich	Virginia	South Dakota	Ober-Oesterreich

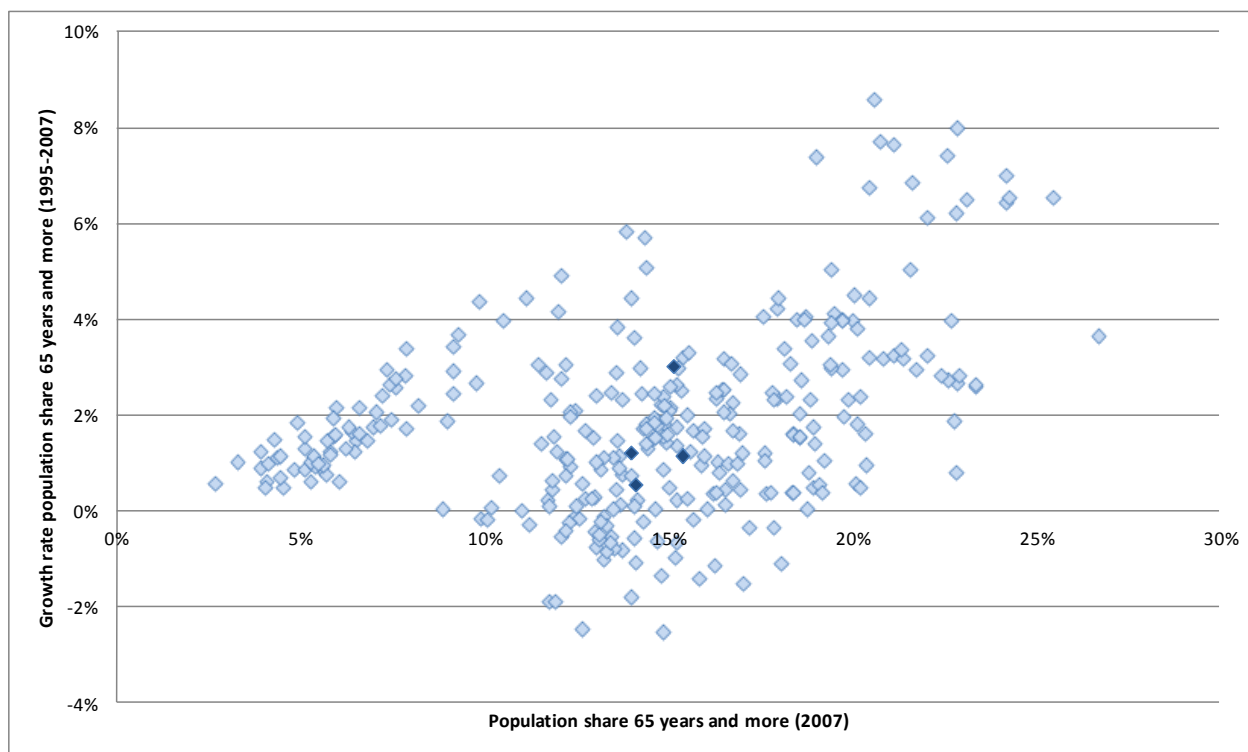
Source: own calculations based on data from OECD Patent Database

The Dutch economy is generally an open globally-oriented economy, some regions (West Netherlands, South Netherlands) more so than others (North Netherlands). Some regions are globally well connected, as illustrated by the strong position of Amsterdam in studies of global business services networks. The main urban area of the Netherlands, the Randstad, is a polycentric area in which the different urban cores have different functions: Amsterdam is largest city and main business and financial centre, Rotterdam has the largest port and is the main trading and logistics centre, The Hague is the political capital. This polycentricity extends well beyond the borders of the Randstad, with the area around Eindhoven (in the province of North Brabant) being the main technological centre.

1.3 Demographic characteristics of regions in the Netherlands

Regional population decline has been limited in the Netherlands. The only Dutch province that witnessed population decline over 1995-2006 was Limburg (0.2%); the other provinces showed population growth, ranging from 2.8% (Groningen) to 39.2% (Flevoland). At a lower aggregation level (NUTS 3), there are a few areas which have population decline: South Limburg, North East Groningen and South West Zeeland. With exception of Belgium and Ireland, where no TL 3-region has seen its population decrease, the Netherlands is the OECD country where regional population decreases are most limited. Of the TL 3-regions in the OECD for which population data over 1995-2006 are available, 31% experienced population decline, with 5% seeing a decline of 10% or more. Most of this decline is taking place in regions with ageing populations. Dutch regions occupy a middle position with regards to ageing (as expressed by a population of 65 years and older) and the growth of this segment over 1995-2007 (Figure 3).

Figure 3. Population share 65+ (2007) and population growth 65+ (1995-2007)



Source : OECD Regional Database

Note: the dark blue dots indicate Dutch TL 2-regions

1.4 Environmental characteristics of regions in the Netherlands

Regions in the Netherlands are subjected to considerable climate change risks and environmental challenges. Half of the country is below sea level, and a large share of the country consists of river deltas which are prone to flooding risks. Considering its high population density and urbanisation rate, there is continuous pressure to develop the remaining rural land. The lands used for agriculture are being used intensively, which has generated significant environmental impacts.

1.5 Social characteristics of regions in the Netherlands

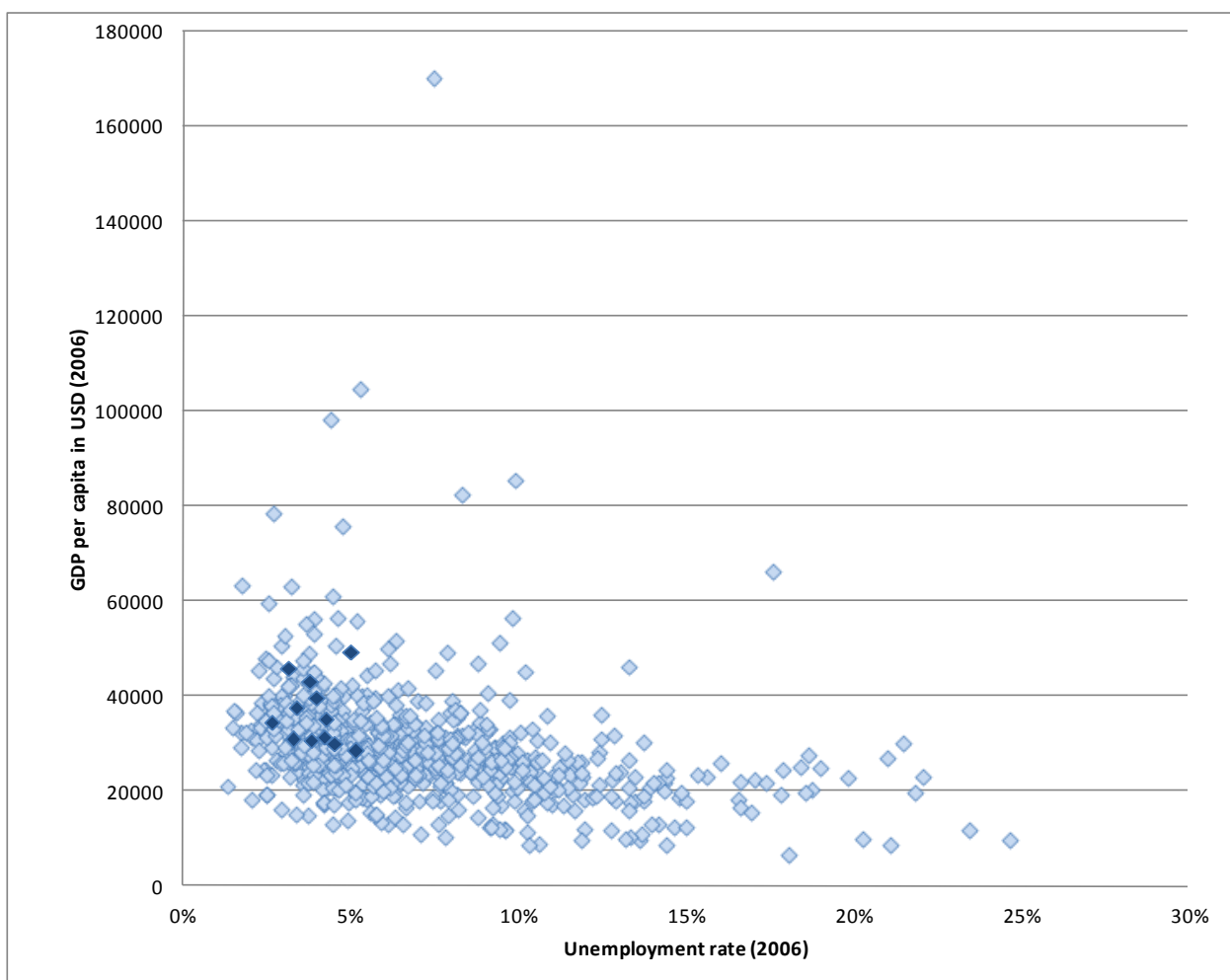
Access to public and private services in regions in the Netherlands is generally good. Rural areas are everywhere close to urban centres and easily accessible, due to the flatness of the country. Also in rural areas, public and private services remain within acceptable travel distances. Consequently, regional differences in access to services are generally limited. The Gini index of education attainment in TL 2-regions (below upper secondary education) in the Netherlands is the second smallest, suggesting limited disparities in access to education. The regional variation of the number of hospital beds per inhabitant in TL 2-regions is the lowest in the OECD and the regional variation in mortality rates in the Netherlands is the second smallest in the OECD.

2. Assessment of performance of regions in the Netherlands

2.1 Economic performance

Regions in the Netherlands score relatively well on most economic indicators, such as GDP per capita, unemployment rates (Figure 4) and productivity. Some of these regions had GDP per capita in 2006 that was high compared to most OECD regions; these included Groningen (USD 49,200), Utrecht (USD 44,300) and Noord-Holland (42,900). The lowest GDP per capita is found in Flevoland (USD 28,300). All Dutch regions had unemployment rates of 5% or below in 2006, and some had rates that were very low from an international perspective, such as Zeeland (2.7%), Gelderland (3.3%) and Noord-Brabant (3.4%). With respect to labour productivity, regions in the Netherlands do well, some of them (Utrecht and North Holland) very well. Productivity growth is around the average of OECD regions; several regions are doing better (Figure 5).

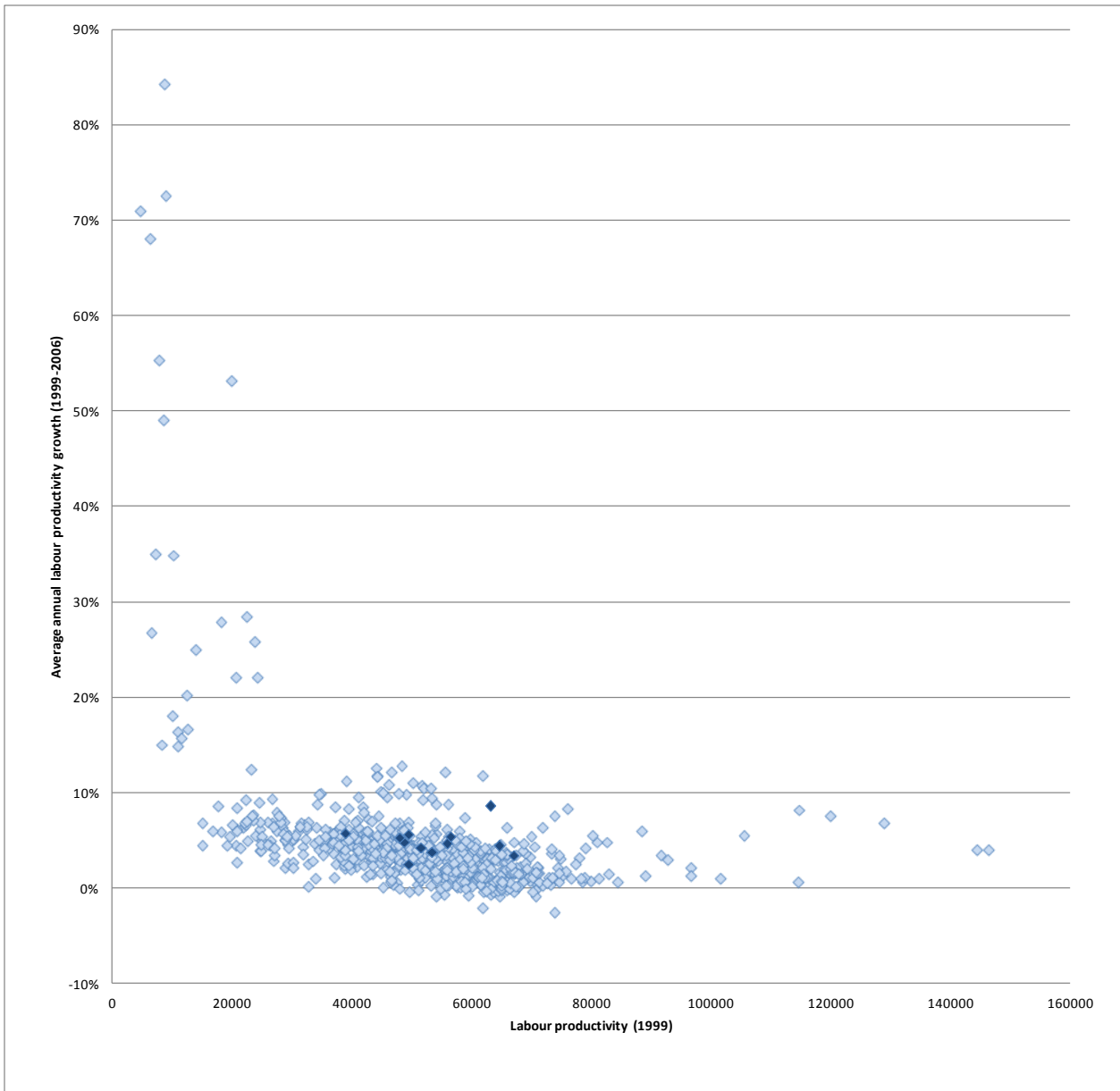
Figure 4. Unemployment rate (2006) and GDP per capita (2006, USD)



Source : OECD Regional Database

Note: the dark blue dots indicate Dutch provinces

Figure 5. Labour productivity growth (1999-2006)



Source : OECD Regional Database

Note: the dark blue dots indicate Dutch provinces

The impact of the crisis on regions in the Netherlands has been mixed. Every region has been affected by the economic crisis in one way or another; the early stages of the crisis seem to have had the heaviest impacts in South Netherlands, whereas North Netherlands did relatively better as a result of its lower dependency on exports. International comparison on the impact of the crisis remains difficult as there is a large time lag for availability of regional economic data. The Randstad Monitor, an annual publication benchmarking the economic performance of the Randstad with 19 other European metropolitan areas, show a stabilising tendency in 2008 for the main urban region of the Netherlands, the Randstad. In several

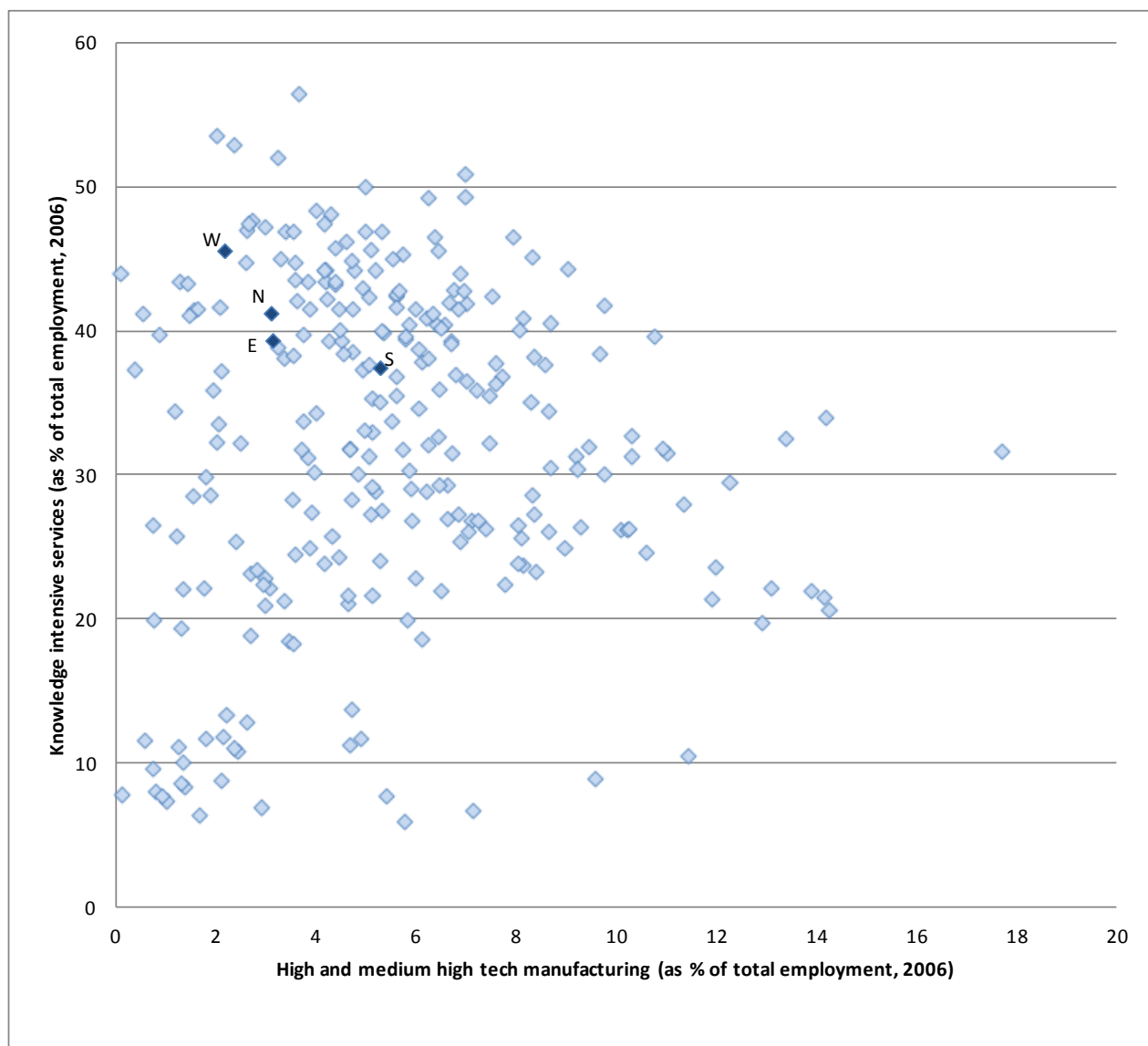
city rankings, such as the European City Monitor 2009 of Cushman & Wakefield, the position of Amsterdam is declining.

2.2 Innovation performance

Research on regional economic development indicates that innovation is an important determinant of regional economic growth. Although innovation is multi-faceted, which makes international comparison challenging, there is a variety of indicators that can be used to compare the innovation performance of regions. These include the share of high-tech employment, research and development-expenditures, and patent applications.

High-tech employment in Dutch regions is relatively limited, but knowledge-intensive employment (in particular in West Netherlands) is relatively high. South Netherlands is the Dutch region with the highest share of high-tech employment (5.3% of the labour force in 2006), more than twice the share of West Netherlands (2.2% of the labour force). Although the high-tech employment share of West Netherlands is limited (also in international perspective), its share of knowledge-intensive employment is high: 45.5% of the total labour force in 2006 (Figure 6). Compared to other regions within the OECD, the shares of knowledge-intensive employment in North and East Netherlands are also relatively high (41.2% and 39.3%). The distribution of knowledge-oriented sectors as share of total employment among regions in the Netherlands is the most equal in OECD countries. The position of West Netherlands in knowledge-intensive employment might be connected to its tertiary education attainment rate, which is highest among Dutch regions (37% in 2006) and also relatively high in comparison with other OECD regions. The tertiary education attainment rate in the other three Dutch regions is around 30-31%. The distribution of tertiary education rates among regions in the Netherlands is the most equal in OECD countries.

Figure 6. Knowledge-intensive and high tech employment in OECD TL 2-regions



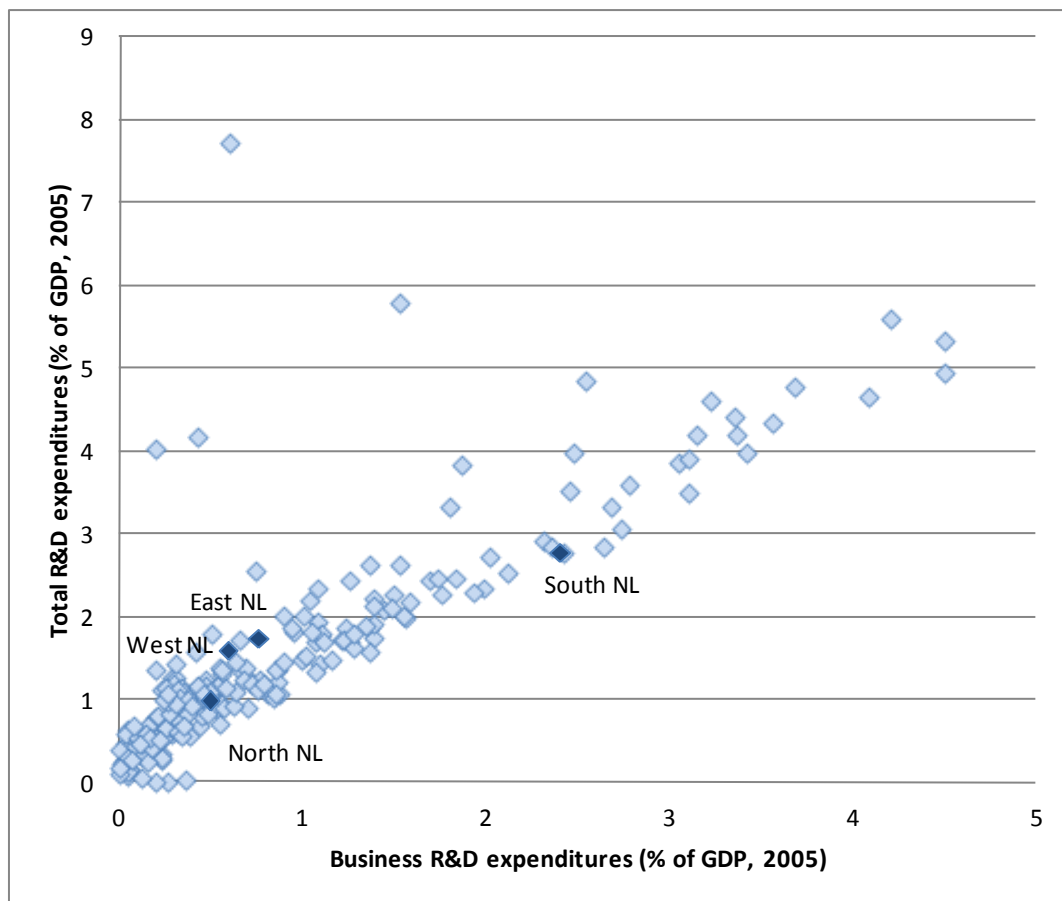
Source : OECD Regional Database

Note: N=North Netherlands, W=West Netherlands, E=East Netherlands, S=South Netherlands

South Netherlands is clearly the leading Netherlands region in terms of research and development. Its R&D expenditure amounts to 2.8% of GDP, almost three times as high as North Netherlands, the region with lowest R&D-spending (1.0%). The R&D-expenditure share in South Netherlands is also high in comparison with other regions in the OECD (Figure 7). A very large share of this R&D expenditure is done by the business sector (2.4% of GDP), which dwarfs the R&D-spending by the business sector in the other Dutch regions (0.5% in North Netherlands, 0.6% in West Netherlands and 0.8% in East Netherlands). This large business share of R&D spending is exceptional in international perspective. The position of South Netherlands is slightly less dominant with regards to the share of R&D-personnel in the labour force: this share (1.7% in 2006) is more than twice the share of North Netherlands (0.8%), but West Netherlands (1.4%) follows closely. In contrast to other Dutch regions and many regions throughout the

OECD, the majority of R&D personnel in South Netherlands (83%) is employed by the business sector (this is for example 45% in West Netherlands).

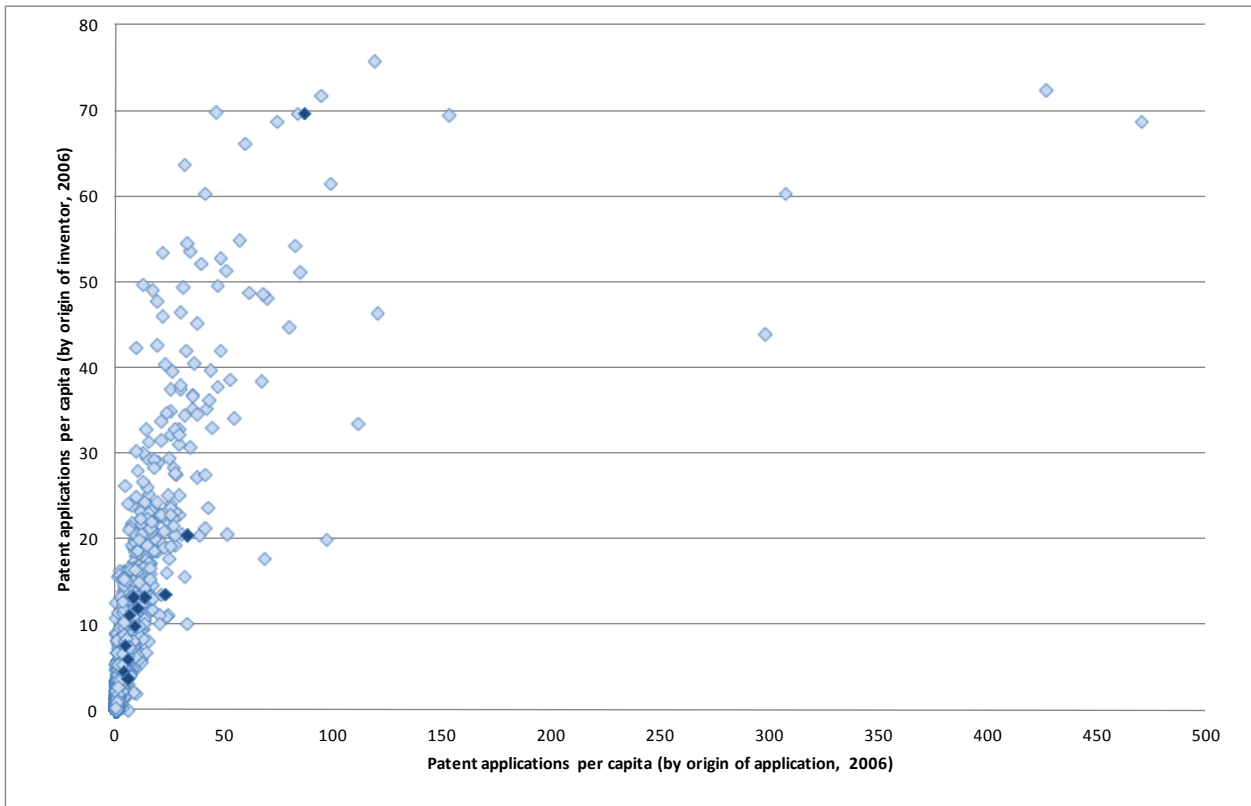
Figure 7. Total and business R&D per capita (% of GDP, 2005)



Source : OECD Regional Database

Patent applications in the Netherlands are hugely skewed towards one province – North-Brabant, located in South Netherlands. It alone produces almost half of total Dutch patent applications; in this respect, the Netherlands has the sixth-largest regional disparities with regards to patent applications in the OECD. In international perspective, North Brabant is one of the leading regions with regards to patent applications per capita; a considerable share can be attributed to Philips and connected companies in the region. Only a few regions within the OECD score higher on this indicator. Zuid-Holland and Limburg also score highly on this indicator, but other Dutch regions are lagging behind much of the OECD (Figure 8). There are no Dutch regions among the 100 best performing regions with regards to patent applications in biotechnology and ICT (for which regional patent statistics exist).

Figure 8. Patent applications per 100,000 inhabitants (2006)

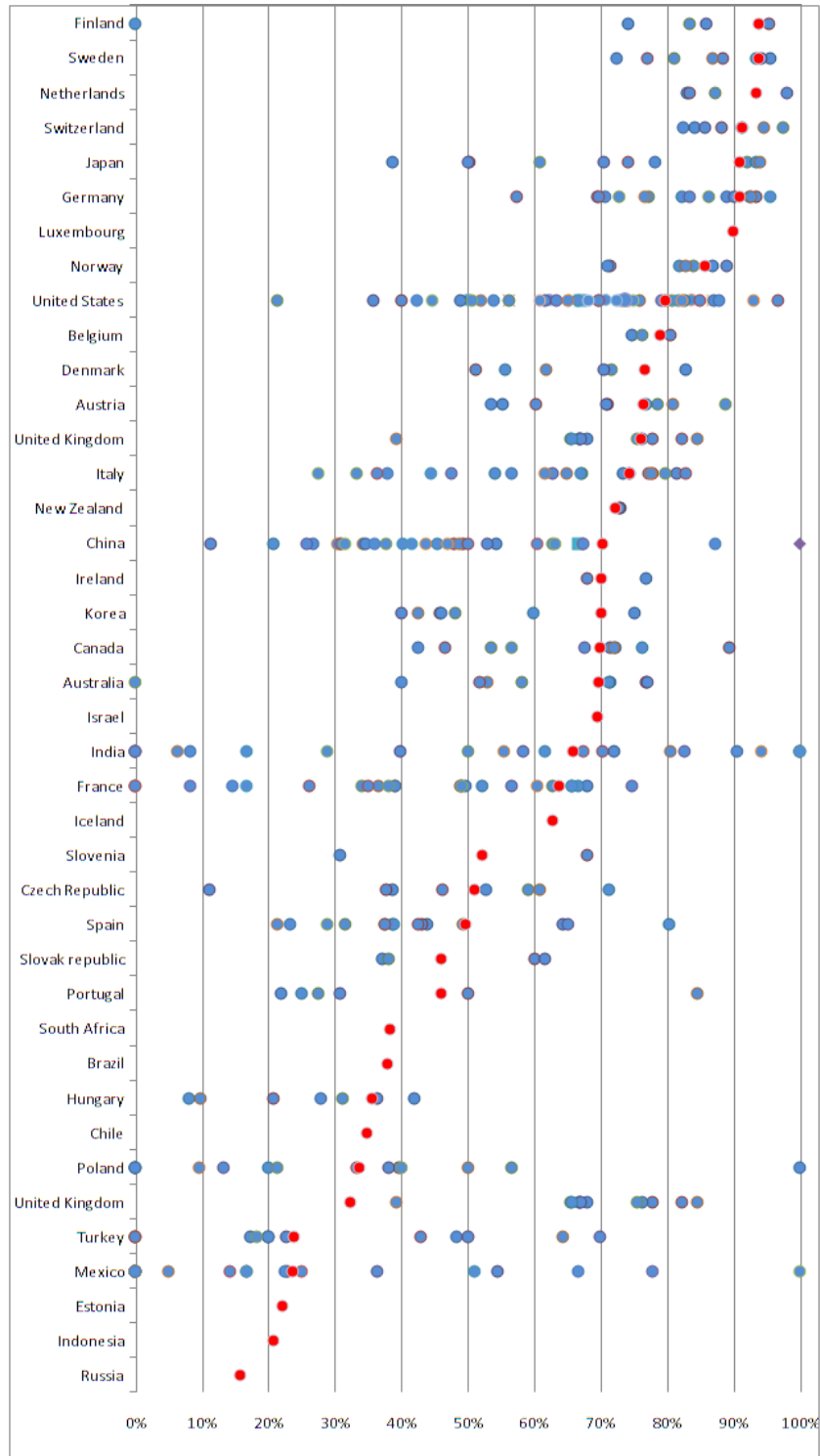


Source : OECD Patent Database

Note: the dark blue dots indicate Dutch provinces

The business sector plays a crucial role in innovation in Dutch regions. In addition to its key role in financing R&D, the enterprise sector also appears to be the key generator of patents. On average, more than 90% of patents are owned by the business sector in the Netherlands, the third-highest score in the OECD on this indicator, after Finland and Sweden (Figure 9). Business-to-business is the most important form of collaboration with regards to patents in the Netherlands: no other country in the OECD has such a high rate of business-to-business collaboration, although there is a large variation among Dutch regions in this respect (Figure 10).

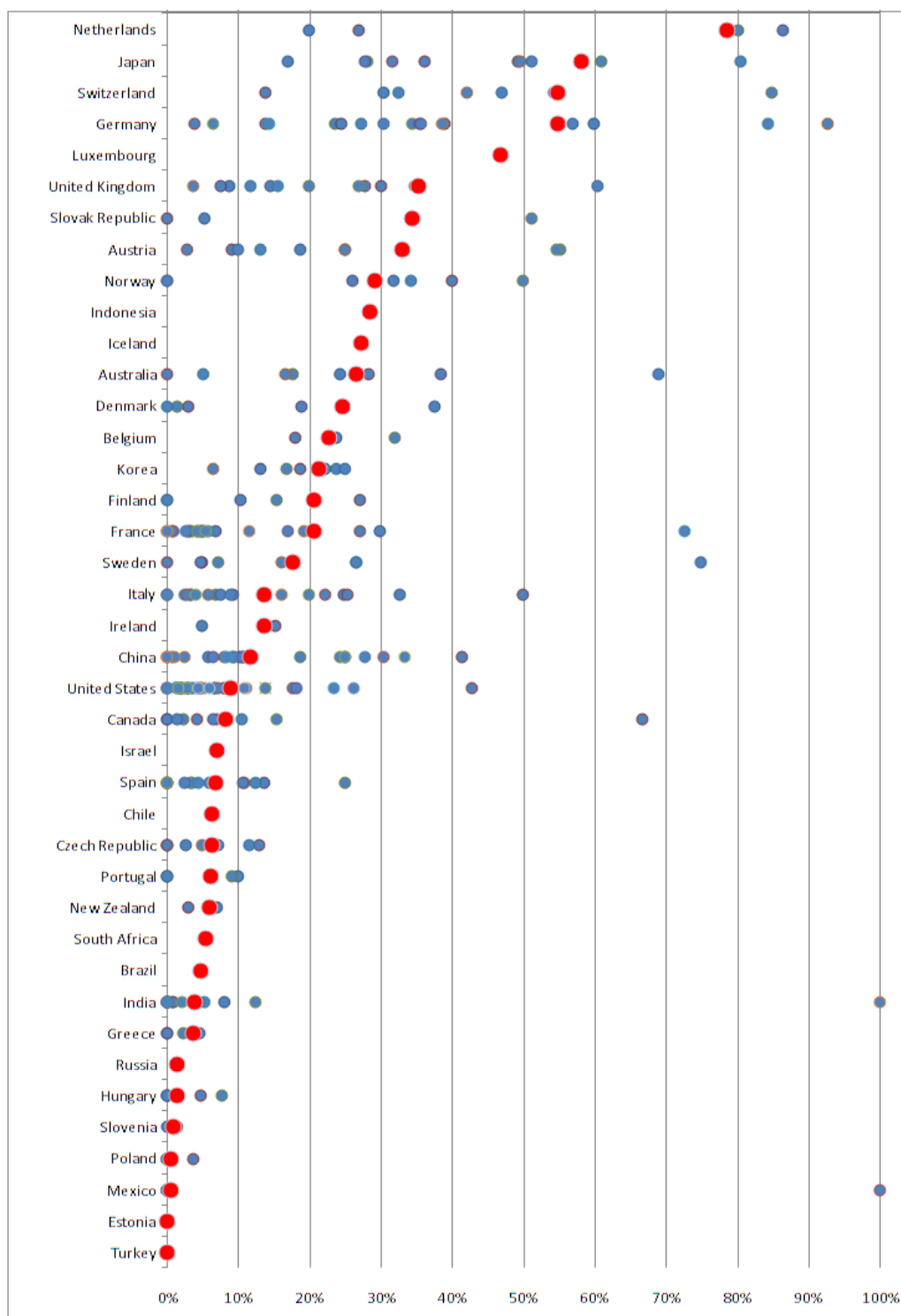
Figure 9. Share of businesses' owned patents in total PCT patents, 2005-2007



Source : OECD Patent Database

Note: The red dots represent the country values. For Brazil, Chile, Estonia, Indonesia, Israel, Luxembourg, Russia and South Africa only country values are available.

Figure 10. Share of business-to-business collaborations, PCT patents, 2005-2007

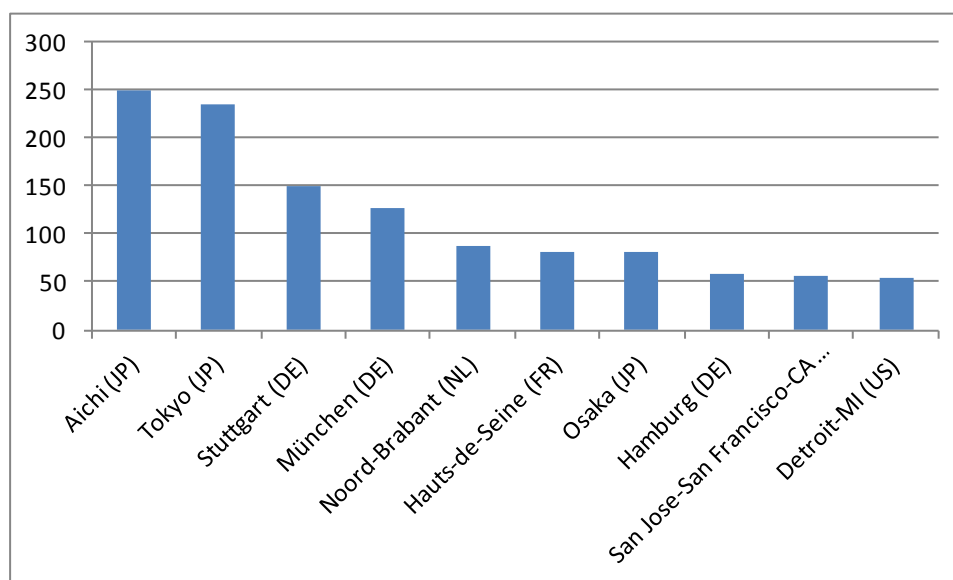


Source : OECD Patent Database

Note: The red dots represent the country values. For Brazil, Chile, Estonia, Indonesia, Israel, Luxembourg, Russia and South Africa only country values are available.

The province of North-Brabant could be considered a leading “green growth” region in the OECD, but other Dutch regions appear to be lagging. Patent applications in green technologies provide one of the indicators used to identify the leading green growth regions in the OECD.⁶ Regions are here defined at the TL3-level. In absolute terms, North-Brabant could be considered a leading green growth region, behind Aichi and Tokyo in Japan, and Stuttgart and Munich in Germany. These are the regions with the largest numbers of patent applications in green technologies in 2006 (Figure 11). North Brabant ranked eighth in terms of patent applications in green technologies per 100,000 inhabitants in 2006. This mainly reflects its dominant position in patents for energy efficiency in buildings and lighting, in which it is the best performing region in the OECD. The only other Dutch provinces among the first 100 regions in the different categories are South Holland (57th in electric and hybrid vehicles; 89th in pollution abatement and waste management), Friesland (62nd in energy efficiency in buildings and lighting), Limburg (65th in pollution abatement and waste management) and Overijssel (86th in pollution abatement and waste management). There are no Dutch regions among the top 100 by patent applications for renewable energy.

Figure 11. Patent applications in green technologies (2006) in the ten leading regions in OECD



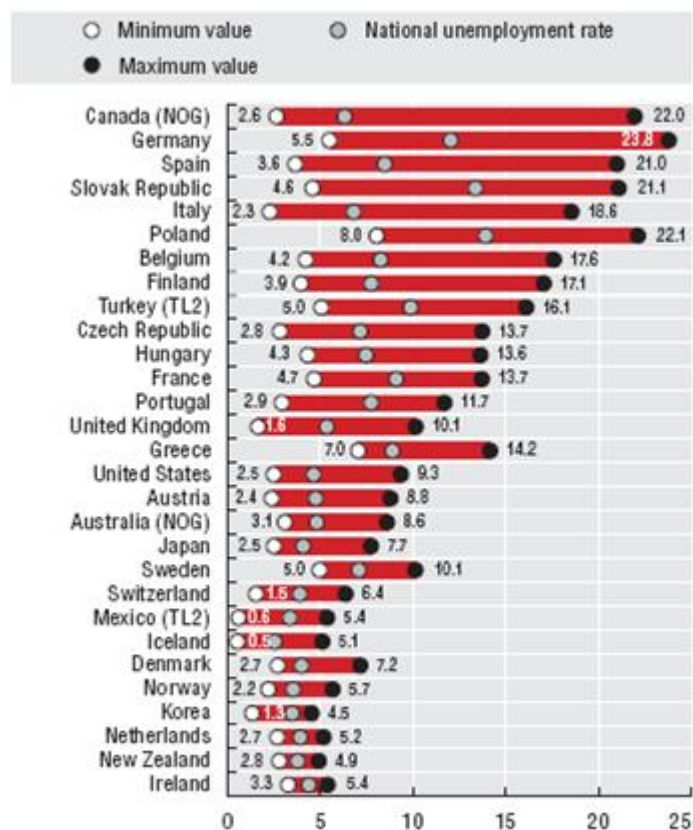
Source : Own calculations based on OECD Patent Database and OECD Regional Database

2.3 Inter-regional disparities

The Netherlands is one of the countries with the lowest inter-regional disparities in the OECD, in GDP levels and growth rates, and unemployment. Some 25% of national GDP is concentrated in 10% of the TL 3-regions in the Netherlands; the average among OECD countries is 38%. Only the Czech Republic and the Slovak Republic had lower rates of geographic concentration than the Netherlands in 2005. Using a Gini-index of TL 3 regional GDP per capita, only Australia, Finland, Japan and Sweden had lower regional disparities than the Netherlands. Similar low concentration rates can be found with regards to GDP growth: 24% of the national GDP increase over 1995-2005 was due to contributions of the top 10% of TL 3-regions; the OECD average was 44%, and only Belgium had a lower rate (22%) than the Netherlands. The Netherlands has limited regional disparities in unemployment rates: only New Zealand and Ireland had lower variation in 2005 (Figure 12). Regional disparities with respect to labour participation rates, including female participation rates, are small, as well. With respect to environmental indicators, the

differences between regions in the Netherlands are also limited: it has the third-smallest regional disparities in volume of municipal waste produced and the fourth smallest with respect to private vehicle ownership.

Figure 12. Regional variation (TL3) in unemployment rates (2006)



Source: OECD Regions at a Glance 2009

2.4. Implications for policy

As is clear from the foregoing, the Netherlands does not face the “traditional” regional development challenges. The dichotomy between urban and “rural” areas in the Netherlands is limited: they are in fact closely linked. The flat topography and small territory of the country imply that no territory is far removed from one or more cities. Inequality between regions is relatively limited and every area can be considered to have fair access to public and private services. Although GDP per capita is higher in some regions than in others, its level in all Dutch regions remains very high in comparison with many OECD regions. There is no de-population of rural provinces and the challenges of ageing, though present, are less acute than in many OECD regions. In the Netherlands, then, the challenges for regional development are more connected to innovation and the exploitation of potential synergies linked to polycentricity.

3. Policy developments national place-based policies

National place-based policies in the Netherlands since 2007 have continued to converge with the practices of “new regional policies” in other OECD countries. Policies have become increasingly place-

based, focused on strong regions, and increasingly holistic, rather than sectoral. Accessibility and the challenges of climate change and water have been emphasized over the last years. In addition, governance arrangements have been strengthened by focussing on common programmes, administrative simplification and long term projections. This section focuses on these different elements, assesses the first indications of their effects and offers suggestions that a new government could take into account when formulating its programme.

3.1 Increased focus on explicit place-based policies

The tendency to conduct explicit place-based policies has been strengthened over the last years. Following the 2004 Spatial Memorandum (*Nota Ruimte*), place-based programmes have been initiated all over the Netherlands, both spatial development projects (23 of which are funded by *Nota Ruimte*-budget adding up to € 1 bn over 2011-2014), and projects within the framework of other policy areas closely aligned to the Spatial Memorandum, such as accessibility (*Mobility Report*), regional-economic development (*Peaks in the Delta*), rural development (*Agenda for a Revitalised Countryside*) and landscapes (*Landscape Agenda*). These place-based policies have increasingly become holistic and cross-sectoral policies for specific territories. The Randstad Urgency Programme and Randstad 2040 Vision are examples of this approach, as well as the so-called Area Agendas that are connected for the Multi-annual Programme for Infrastructure, Spatial Development and Transport (MIRT), created in 2008.

A variety of initiatives was put in place aimed at different regions. For example, the Randstad got an explicit national agenda, called “urgency programme”, a long term vision (*Randstad 2040*) and a coordinating minister. But place-based strategies were also announced for other regions, such as for the Brainport (in North Brabant) which is working on the so-called *Brainport 2020-vision*. Area agendas were introduced for all regions in the Netherlands to facilitate discussion of spatial visions and infrastructure projects. The place-based cluster policy (*Peaks in the Delta*) was rolled out as the programmes for the different regions were implemented. Although the national policy for large cities (*Grote Steden Beleid*), created in 1994, will most likely from 2010 be transformed into a national urban policy with more limited objectives and budgets⁷, cities continue to be important actors in many of the place-based policies of the national government: the focus on strong cities and strong clusters of international and national importance underlies both the Spatial Memorandum and subsequent policy papers, including the *Randstad Urgency Programme*, the *Randstad 2040 Vision* and the *Peaks in the Delta Programme*.⁸

A more place-based approach has also been introduced at neighbourhood level. A programme minister and programme ministry were created in 2007 (for Housing, Neighbourhoods and Integration) which developed policies to intervene directly in the most deprived neighbourhoods in Dutch cities. A selection of 40 neighbourhoods in 18 cities was made on the basis of 18 criteria, half of which reflected the assessments of inhabitants and the other half such objective criteria as income, work, education level, and housing stock. Extra investments will be made in these neighbourhoods in order to improve their liveability. For neighbourhoods with similar problems, but not among the 40 selected neighbourhoods, additional national budgets have also become available. The municipalities with the neighbourhoods concerned have prepared neighbourhood action plans, in cooperation with local organisations and inhabitants. The main elements in these action plans are housing, learning, working, crime and integration of minorities. On the basis of these action plans, implementation agreements have been signed between the national government and individual municipalities. The time horizon of the plans is eight to ten years. A large part of the funding for the neighbourhood action plans comes from housing associations⁹ (€ 2.5 bn over ten years).

The response of the national government to the economic crisis was not explicitly place-based, but its different elements were implicitly supporting the main strong sectors in different regions. The support provided to financial institutions was mostly beneficial to the North Wing of the Randstad (in particular

Amsterdam) where most of the financial institutions are located. The car scrappage scheme might have been of particular benefit to South-East Netherlands and perhaps the port of Rotterdam (as large importer of cars from abroad). Accelerating investments for the Delta programme was advantageous to South-West Netherlands, the abolition of the passenger air transport tax to Schiphol airport and the North Wing of the Randstad, whereas the additional funding (due to extended coverage) for the WBSO scheme (subsidising R&D staff costs) is likely to benefit the region with most R&D, i.e. South-East Netherlands (Yuill, 2009). Unlike several other countries, the Netherlands did not explicitly “regionalise” its response to the crisis as in Australia where national and regional governments agreed on common strategies and priorities.

These place-based policies have managed to focus attention and resources. As such, they might have been complementary to more generic policies. In addition, these policies have converged towards policy practices in many OECD countries where national governments increasingly use place-based policies to stimulate development; e.g. even a federal country such as Canada has now a collection of federal regional development agencies that cover all regions in the country. An essential part of these place-based policies involves the quality of place, which becomes increasingly relevant in the context of international mobility of firms and highly skilled labour. Local conditions determining the international attractiveness are manifold but include housing quality, access to highly qualified labour, innovation, internal and global accessibility, taxation and effective governance mechanisms. As several of these challenges are place-specific, that can be tackled using a place-based approach, it would make sense for Dutch policymakers to continue to develop an explicit place-based focus, even if differences between regions in the Netherlands are relatively small.

The link between national and regional economic development could be more convincingly made, by clarifying the extent to which national policies for regional economic development enforce a national economic strategy. This link could be strengthened by embedding programmes such as Peaks in the Delta in a wider national economic strategy. An example of such an arrangement is found in Denmark, where the Globalisation Strategy put in place by the central government (prime-minister) in 2006 provides the foundation for the business development strategies developed by the Regional Growth Forums, in which regional and local governments, as well as regional stakeholders from business, trade unions and education are represented.

Dutch policies do not use a ‘closed’ definition of the Randstad: according to the specific challenge different geographic scales and relevant actors are used in order not to create barriers that could constrain common solution of problems. This approach underpins the Randstad 2040 vision (in which rather flexible cooperative “alliances” have been formed to implement elements of the vision), as well as the Randstad Urgency Programme (which has similar flexible governance arrangements) and the project to accelerate decision-making on infrastructure projects (*Sneller en Beter*). E.g. the cooperation between the ports of Rotterdam and Amsterdam is envisaged to be extended to ports outside the Randstad such as Zeeland and Groningen seaports; as well as cooperation of the airports of Amsterdam (Schiphol), Lelystad and Eindhoven. For several challenges such as in transportation, housing and recreation, the level of the city-region (Greater Amsterdam, Greater Rotterdam etc) appears to be the relevant scale, whereas the Randstad scale is more relevant for inter-regional transport and the Green Heart. This approach reflects the multi-dimensional realities as analysed in the OECD Territorial Review of the Randstad (2007); its translation in flexible and multi-scalar governance arrangements makes a lot of sense considering the large variety of different geographies at play.

Although Dutch policies for the Randstad have acknowledged its interlinkages with other regions in the Netherlands, there are still synergies between different regions and their main comparative advantages that could be reaped. A new mandate for the Peaks in the Delta-programme could, for example, stress the supra-regional aspects of place-based policies, e.g. by focusing on how to link the gateway functions of a strong port (Rotterdam) and a strong airport (Amsterdam), or on how to create synergies from technology-oriented South Netherlands and services-oriented West Netherlands. Supra-regional coordination is an explicit goal of the Swiss New Regional Policy, which reserves 25% of its funding for inter-cantonal projects. Economic coordination of different city-region within a country has been explored by the Greater London Authority and the Core Cities Group covering England's main major regional cities (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield). The Core Cities Working Group has explored policies and actions needed to enable major regional cities to fulfil their potential as drivers of regional and national economic growth. One of their commitments was "to give London more space to excel in functions only a global city can bring to the United Kingdom". Similar attempts for economic coordination and planning for synergies could be considered in the Netherlands.

Assessment:

Over the last years, place-based policies have been strengthened and different sectoral policies impacting on places have become increasingly aligned. These are positive developments as they promise several policy complementarities which could make public policy interventions more effective. Experience from OECD countries shows that policies for regions are most effective when infrastructure investment, spatial planning and regional economic development policies are well coordinated with each other; the policies introduced in the Netherlands over the last years provide good illustrations of how this could be done. Place-based policies have been complementary to national policies, but might increase in effectiveness if they focused even more on specific regional comparative advantages. The challenge would be to create synergies between the two main economic regions in the Netherlands (West and South; or the Randstad and the Brainport-region to be more precise), using and combining their different strengths, even if the extent of spatial specialisation is relatively limited, with both regions having many economic clusters in common. The focus on strong cities in recent policies is promising, in particular within the context of a highly urbanised country as the Netherlands and considering that cities in many OECD countries function as engines of national economic growth (OECD, 2006). Considering their importance with regards to innovative activities, the polycentric metropolitan area in North Brabant (in recent policies referred to as Brainport) would also have to be considered to form part of these strong cities. The current Randstad-oriented policy focus could be extended to this metropolitan area. The flexible and multi-scalar approach to different policy challenges, dealing with different scales, actors and governance arrangements according to the challenges at hand, provides a realistic and promising approach that avoids many of the costs connected with the political economy of reform.

Recommendations:

- Continue current developments to strengthen place-based policies. Further alignment of sectoral policies could be stimulated, using flexible and multi-scalar approaches currently applied.
- Stimulate synergies between regions, sectors and strong clusters E.g., a new national urban policy could be aimed at identifying the main local comparative advantages and at increasing synergies between different cities and clusters. In case there would be a new mandate for the Peaks in the Delta-programme, more focus could be put on creating synergies between main clusters.

3.2 Strengthening already strong clusters and regions

Policies have increasingly focused on enhancing the competitiveness of strong regions. The Randstad urgency programme, the Randstad 2040 vision and the Brainport 2020 Vision aim at strengthening the international competitiveness of the main economic region of the Netherlands. Cities are explicitly mentioned as the engines of national economic growth and concerns about the international competitive position of the main Dutch city, Amsterdam, have led to the preparation of a so-called Amsterdam-letter within the Peaks in the Delta Programme, to be released by the Ministry of the Economy in autumn 2010. Increasing the quality of place is an important element in the place-based programmes initiated over the last years, e.g. using the proximity of water and nature areas for appealing housing and recreation opportunities (including turning the Green Heart into what has been coined “a Green-blue Delta”), urban transformation and densification. Underlying these place-based approaches, is a large base of non-place-specific policies stimulating competitiveness, including macro-economic and fiscal policies and policies on education, labour market, science and technology and several other fields which nationally create framework conditions that foster regional competitiveness. The OECD Territorial Review of the Randstad highlighted challenges connected to the regional labour market, especially with regards to rigid employment protection and limited participation of minorities, women and elderly people. Despite some improvements in this field, the OECD Economy Survey of the Netherlands (2010) suggested similar challenges.

In line with the Peaks in the Delta-programme, national policies have continued to focus on strong clusters. This programme, introduced in 2004, postulates that strong clusters in regions (peaks) need to be developed further in order to stimulate growth in the whole of the Netherlands. This programme replaced policies that were more directed towards lagging regions, in particular North Netherlands. Since the release of Peaks in the Delta, targeted support to North Netherlands has been phased out; instead, the region has now become one of the regions in the Peaks in the Delta-programme, in order to further strengthen strong economic sectors in this region. The OECD Territorial Review of the Randstad suggested that the Peaks in the Delta-programme were not selective enough in supporting over 20 clusters in many different regions, with considerable overlaps of supported clusters from one region to another. Although the programme over the last government period (2007-2010) covered almost the whole of the Netherlands, current plans by the Ministry of Economy stress that the number of clusters supported will be diminished. The Randstad 2040 Vision also emphasises the need to focus on strengthening sectors in which it is competing well internationally, such as finance, business services and the airport in Amsterdam, the maritime cluster in Rotterdam, the international juridical cluster in The Hague and the agro-industrial complexes and horticulture, in Dutch policy lingo indicated as “greenports”. This focus on strong clusters is embedded in an approach that considers cities as the main engines of economic growth. Some of the traditionally strong economic clusters (Schiphol airport and the port of Rotterdam) are thus considered to form part of a larger economic context, such as industrial and logistics chains, including innovative activities along this chain. This means that the national strategies for the main airport (Schiphol in Amsterdam) and port-related industrial and logistics complex (Rotterdam), as expressed in a variety of government documents, are complemented by explicit aims to improve the attractiveness of large and medium-sized cities, in terms of employment, appeal to firms and people, innovation, environmental conditions etc.

Although generally a sound strategy to strengthen comparative advantages, it also risks fragmentation, selecting the wrong sectors and paying too little attention to “challengers”. It is common that several regions attempt (or compete) to stimulate the same clusters that are found in other regions, especially in countries where clusters are determined by a procedure that is at least partly bottom-up, such as Sweden, Germany, Finland and Denmark. A similar tendency of fragmentation has been noticed for the Netherlands (OECD, 2007). The risk of fragmentation in the Netherlands is likely going to be tackled by reducing the number of clusters eligible for the programme. The risk of selecting the wrong sectors is inherent in a system in which potential winners are picked, but in practice in the Netherlands limited by selecting sectors

that have already proven themselves and are already of national importance. The question is, however, whether these sectors would need this support and whether it is not merely the “insiders” that are being supported. There are indications that current Dutch policies can in fact be understood as policies aimed at removing the obstacles to exploiting new opportunities, with attempts being made to involve small firms and promote international contacts and cooperation (WRR, 2008). The evaluation of the Peaks in the Delta programme indicates that the programme stimulated cooperation between different actors in the field, but that it is too early to find the longer-term impacts of the programme. In theory, the provinces will have to detect new, promising, innovative sectors (“challengers”) and support these; as soon as they become of national importance they can become part of programmes like Peaks in the Delta. Current negotiations between national government and provincial governments show that these mechanisms work to a certain extent also in practice: some sectors are likely to become part of a new programme. At the same time it is difficult to establish whether provinces have sufficient capacity to discover and adequately support new sectors.

The coordination between different regions specialised in the same economic activity has increased. E.g. cooperation between the port of Rotterdam and Amsterdam has improved, for example in the so-called “implementation alliances” (cooperative arrangements between public and private actors) of the Randstad 2040 Vision. There is however still room for further coordination, with the Council for Transport and Infrastructure advising a merger of the two ports (Raad voor Verkeer en Waterstaat, 2010). This tendency of cooperation is embedded in a larger policy discourse that stresses a holistic approach of logistical flows, in which different elements, such as seaports, river ports, railways, roads and logistics centres are smoothly interconnected and embedded in a policy context of support for strong and attractive cities. At the same time further cross-cooperation between the port of Rotterdam and Antwerp does not take place but could be considered.

Assessment:

The Netherlands has successfully transformed the strategic approach of its national place-based policy by focusing more on the competitiveness of strong regions. This has resulted in different policy and investment priorities. This is an important accomplishment, as the new policy framework provides the best conditions for strong regions in the Netherlands to exploit their comparative advantages on a global scale, while at the same time benefiting weaker regions through functional links with the stronger, more internationally connected regions. Strong cities will arguably become even more important as engines for national economic growth, as suggested in projections of the location of Dutch economic growth in 2040 (CPB, 2010), so there is a need to focus on resolving their constraints on growth.

Recommendations:

- Continue the focus on strong regions and strong cities. In addition to the current emphasis in policies on the Randstad, an additional focus on the polycentric metropolitan region in North Brabant (Brainport-region) could be considered. The number of strong clusters supported in the framework of innovation policy and regional-economic policy could be reduced in order to increase the focus and impact of these policies.
- Stimulate synergies between different regions (e.g. Randstad and Brainport) and sectors (airport and port).

3.3 Accessibility acknowledged as essential for regional competitiveness

An ambitious government programme has been initiated to improve the accessibility in the Netherlands. This mobility programme (*Mobiliteitsaanpak*), presented in 2008, provides measures and investments to improve mobility until 2020, and sketches possible approaches until 2028. The mobility programme consists of measures in several areas (roads, railways, inland waterways) that in combination should improve mobility in the Netherlands. With respect to roads, two main programmes were introduced: the Action Programme Roads (in order to improve the connections between highways and regional roads) and the Urgency Programme Roads (in order to improve highway capacity by solving 30 bottlenecks using accelerated legislative processes). With respect to railways an important initiative is the Programme Highly Frequent Rail Transportation (*Programma Hoogfrequent Spoorvervoer*), which aims at increasing the frequency of the busiest railway connections to a level comparable to tramway- or metro-networks (every 10 minutes in 2020, mostly on connections within the Randstad). With respect to inland waterways, bottlenecks have been identified that will be solved in order to facilitate freight transport over water. Mobility was one of the main challenges signalled in the OECD Metropolitan Review of the Randstad. In many respects, progress has been reached. E.g. the decade-long deadlock on the highway between The Hague and Rotterdam (A4 Midden-Delftland) has been solved, with construction of extra highway lanes foreseen to start in 2011. Another example is the Randstad-rail, linking public transport systems of Rotterdam and The Hague, which contributes to the emergence of one metropolitan area. However, not all infrastructure projects that were foreseen have been successful: the metro extension in Amsterdam has been stalled following complications in constructing the metro-tunnel, and preparations for the introduction of an innovative road pricing system with national coverage were made, but ended in new political stalemate. Initiatives have been put in place to facilitate quicker decision-making on infrastructure projects, such as the project “Quicker and Better” (see section 3.10).

This ambitious approach towards improved mobility is implemented by place-based mobility implementation programmes. These place-based programmes are the result of cooperation between national government, provinces, city-regions and municipalities and aim at identifying main transportation challenges in a territory and measures to solve these. This cooperative approach also extends to funding: e.g. the Action programme regional public transport receives its funding (€ 1 billion) from national governments and regions.

Accessibility continues to be an important concern for several of the strong economic regions in the Netherlands. The Dutch labour force has longer commuting times than those in other European countries. The share of commuters with travel times longer than one hour is the highest in Europe, which is remarkable for a country with such small geographic distances. Road and rail infrastructure in the Netherlands, but in particular the Randstad, are among the most heavily used in the OECD. This causes congestion, the costs of which are estimated at 0.5% of annual GDP (OECD, 2010). Congestion is an urgent challenge to the Netherlands, as its housing markets are comparatively rigid and regional labour market mobility relatively limited, which means that commuting is essential to labour-market deepening. Analysis of projected transport bottlenecks in 2020-2028 indicates that the most urgent bottlenecks are probably going to be located around Amsterdam and Rotterdam, as well as on the axis Amsterdam-Utrecht-Arnhem and from the South of the Randstad to North Brabant.

Considering the polycentricity of the Randstad, railways play an important role for regional public transport. The national government is responsible for the railways and it tends to focus on long distance transportation, rather than short distance travel around the large cities. The new railway concession from 2015 might be an opportunity in the medium-to-long run to increase the influence of regional governments on the priorities of the national railway company. In the meantime, the public transport coordination body for the Randstad will develop proposals to increase the possibilities to use the national railway network for

regional public transportation goals. It will be important to secure the role of railways in providing frequent and short-distance public transport, especially in Randstad.

Regional mobility could be further improved by increasing market and pricing mechanisms. There is wide experience with congestion charges at the urban scale, for example in Singapore, which could as serve as examples of congestion charges that might be less complicated to introduce than the proposed charge with national coverage. This national system was deliberately designed to improve the societal acceptance, following decades of difficulties to implement proposed road pricing or congestion charges. Foreign examples on the implementation of regional congestion charges could be used as inspiration for making such a charge acceptable to the local population (e.g. the congestion charge in Stockholm which started as a six-month pilot and which was subject to a local referendum thereafter). Parking fees and taxes are also effective in reducing car trips and decreasing the car share in the modal split. Parking fees could be differentiated in order to make them more effective, but these practices are hardly used in cities in the Netherlands. Los Angeles has an area (Venice Beach) where the rates on the metres charge depending on the time of day, and New York City has a congestion pricing programme for commercial parking that involves a graduated fee depending on how long the vehicle remains parked (Cerreno, 2004). Similar mechanism could be developed in Dutch cities to limit congestion, facilitated by national government.

Assessment:

An ambitious programme to improve mobility in the Netherlands has been put in place, which includes important initiatives to increase accessibility via several different travel modes. This programme has a laudable place-based focus, involving different government tiers. This place-based approach to mobility, which fits in a larger tendency towards more place-based policies in the Netherlands, is commendable because it could ease the intergovernmental cooperation that is required considering that responsibilities for transportation and infrastructure are divided over different government levels in the Netherlands. Moreover, this approach appears well suited to provide a more holistic view on regional mobility, which might avoid the common phenomenon that solving one particular traffic bottlenecks leads to new bottlenecks in the same region. Accessibility of the Netherlands - in particular the Randstad, North Brabant and Arnhem/Nijmegen - remains an important challenge for the future. Infrastructure investments aiming at solving congestion in these regions would need to be secured, and plans will have to be developed for 2020-2028.

Recommendations:

- Focus long-term infrastructure investments on the Randstad and the access between Randstad and their neighbouring provinces such as North Brabant.
- Acknowledge the role of railways in providing regional public transport and increase the influence of regional governments on the priorities of the national railway company.
- The design of a road pricing scheme could be simplified in order to increase its effectiveness in combating congestion and the application of pricing mechanisms at the regional level – such as parking fees - could be stimulated.

3.4 Housing markets in need of reform

Despite increasing housing shortages, long term public funding for housing production is foreseen to decrease in the coming years, which requires “unorthodox measures”. In several of the important economic regions of the Netherlands, considerable housing shortages are foreseen for 2010-2020: e.g. 144,000 in the metropolitan region of Amsterdam and 113,000 in North Brabant. Whereas the national government has for a long time stimulated housing production with public funds, most of these funds (e.g. the national budget for urbanisation BLS (*Besluit Locatiegebonden Subsidies*)), will reduce in size after 2010. The stimulus package to combat the crisis provides additional funding for accelerated housing production, but this is partly funded from funds originally available for 2011-2014 and expires in 2010. This lack of national funding complicates inter-regional planning of housing production. Although the national government has been engaged in urbanisation agreements (*verstedelijingsafspraken*) with 21 urban regions, these agreements cannot be considered performance targets – like in previous years – as they are not linked to national funding. Within the light of the foreseen reduction in national public funding for housing production, a *Steering Group Unorthodox Measures* was created in 2009, in order to find new ways to finance inner-city housing production without national funding, e.g. by increased coordination between housing production and infrastructure and more strategic land policies by governments. Some of these measures will be tested in pilot projects with the four largest cities in the Netherlands (Amsterdam, Rotterdam, The Hague and Utrecht).

No structural reform of housing markets has been carried through since 2007. This has left most of the housing challenges for the Randstad, as described in the OECD Territorial Review of the Randstad, unchanged. Housing markets in the Netherlands continue to be rigid in comparison to other OECD countries. Consequently, there is relatively limited housing mobility. This rigidity is especially evident in the rental sector; strict rent regulation and rigid allocation mechanisms, especially in social housing, hinder labour mobility. As a result, the price mechanism is switched off, with long waiting lists (queuing) as well as illegal subletting of rental dwellings, particularly in Amsterdam. In contrast, other countries have mostly allowed rents for new rent contracts/tenants to be based on housing market conditions (OECD, 2010). Social housing in the Netherlands often misses its target: a large share of the social housing stock is occupied by households on medium or high incomes, whereas a considerable share of the lower income groups do not succeed in accessing the supply of social housing. Different elements in Dutch housing policy, such as tax credits for mortgages in combination with the property transfer tax and rental subsidies, lead to social welfare losses. Projections of housing needs indicate continued housing demand in the coming decades, in particular in Amsterdam and Utrecht. Considering the combination of large demand and scarce building land, an important share of future housing will have to be created by inner-city transformation and revitalisation.

Assessment:

Housing shortages are foreseen in the main economic regions of Netherlands, but the national government has not made funding available to help solve this challenge. The integration of the urbanisation agreements in the decision-making processes of the Multi-annual Programme for Infrastructure, Spatial Development and Transport (MIRT) will help to increase a holistic and integrated view of housing linked to spatial planning and infrastructure and might increase the effectiveness of place-based policies. In addition, the innovative approach to look for unorthodox measures to fund inner-city housing production is a promising one, but it remains to be seen to what extent such an approach results in more housing production. Considering pessimistic prognoses on housing production in the first years after 2010, there might be a case for extending national funding beyond 2010. Within the light of the current financial uncertainty on national financial involvement, there is all the more reason to solve rigidity in housing markets, particularly in the largest cities, both in the rental and owner/occupied sector, in order to increase housing mobility and to limit social welfare losses connected to current policies.

Recommendations:

- Considering extending national funding for housing production beyond 2010, especially when aligned to national densification goals.
- Liberalise rental markets and target social housing and rental subsidies to those population groups that are most vulnerable.
- Reform the market for owner/occupied homes, by lowering or abolishing the transfer tax and phasing out tax credits and subsidies for home owners.

3.5 Policies put in place to protect distinctive qualities of rural regions

Policies have stressed the need to concentrate urbanisation in urban areas, to stimulate inner-city development and to limit sprawl. Several programmes have been set up for the preservation of landscapes (such as *Agenda Landschap*, and *Project Mooi Nederland*). In this respect, population decline has in some policy papers been described as an opportunity rather than a problem, as it would enable an increase in the quality of life via declining pressures on landscapes and nature reserves. Rural development policies have been used to preserve landscapes and nature reserves. Provinces have attempted to achieve their targets for nature development (ecological main structure), but at relatively high cost, as they have acquired land at high prices. Limited use has been made of alternative instruments, such as environmental schemes for private land owners, in which many countries, in particular Austria, have been more active.

The health check of the Common Agricultural Policy (CAP) has been linked to objectives with respect to nature and landscape. The CAP should, in the view of the Dutch, be re-oriented towards compensating farmers for the environmental services they provide. The *Dutch Outlook European agricultural policy 2020*, released in 2008 by the national government, proposes a phasing out of income support for farmers until 2020 and transformation of this support into payments for green/blue services and for areas with high societal value. The competitiveness of European agriculture could in this vision be improved by more support for innovation and a safety net for certain risks (such as extreme weather). The areas of high societal value are considered to be areas that are important within the light of their nature, landscape and environmental values, and where agriculture contributes to the maintenance or restoration of these values. Dutch areas that would fulfil these criteria could be the twenty National Landscapes and the Natura 2000-areas. In all national landscapes (except one) agriculture represents more than 60% of the land use and thus fulfils an important responsibility in maintaining the landscape. Environmental services that are suggested include services to improve soil management, environmental quality, biodiversity, nature preservation and biological agriculture. In this philosophy, the distinction between the different pillars of the CAP could disappear and they could be integrated into one fund for agriculture and rural development. Part of the agricultural policy could be re-nationalised.

Assessment:

Rural development policies have been used to preserve landscapes and nature reserves, which makes sense in the context of a heavily urbanised country such as the Netherlands.

Recommendations:

- Stimulate environmental schemes for private land owners

3.6 Increased focus on challenges of water and climate change, with a strong place-based approach

The spatial challenges of water and the risks connected to this have been the focus of increasing attention. Following the advice of the Veerman committee, a so-called Delta programme has been made, a Delta commissioner appointed and a Delta Law prepared. The aim of the Delta programme is to improve protection against flooding in river deltas and coastal areas, in the light of climate change. In addition, it aims to secure a sufficient amount of sweet water. The Delta commissioner is a post created by the Delta Act, appointed by the Council of Ministers: its responsibilities are the implementation of the Delta programme in cooperation with the different stakeholders in the water sector, such as ministries, provincial governments, water boards, municipalities and non-governmental organisations. The commissioner's role is to create coherence between the different elements of the Delta programme. In anticipation of the acceptance of the Delta Act by parliament, a Delta commissioner was appointed in November 2009 for a seven-year period. The Delta programme has a cross-sectoral approach, aimed at integrating sectoral themes (economy, nature, spatial quality) in specific territories. As foreseen in the Delta Act, a separate Delta Fund will be created to finance the Delta programme. Current water-related programmes (*Ruimte voor de Rivier*, *Zwakke Schakels*) will be integrated into this fund; from 2020 onwards, €1bn per year will be made available for measures currently in preparation. Despite this increased focus, water challenges are often not integrated into other place-based programmes; the ILG-budget is in many provinces not linked to funds for water management and water safety; and if they are linked, they come with additional requirements for reporting and accounting.

Assessment:

The creation of a Delta programme and a Delta commissioner signals the willingness of the Netherlands to tackle water challenges. The policy challenge will be to integrate the focus on water in other place-based policies.

Recommendations:

- Link and harmonise water programmes and other place-based programmes

3.7 Increased sectoral integration

In order to increase the coherence of place-based long-term investments, a new financial mechanism was created in 2008: the Multi-annual Programme for Infrastructure, Spatial Development and Transport (MIRT). This programme forms part of the budget of the Infrastructure Fund and replaces the multi-annual programme for transport (MIT). As part of the MIRT programme, rules of the game have been formulated for projects and programmes in the spatial-physical domain that would like to become eligible for national funding. Projects that can be incorporated in the MIRT will have to be part of Area Agendas, negotiated between national government and regional government to express common priorities for an area. Eight of these Area Agendas have been made, covering territories that sometimes correspond to TL2-regions (in the case of North Netherlands and East Netherlands), TL3-regions (in the case of Limburg, North-Brabant and Zeeland) and regions to correspond to neither (such as the North Wing of the Randstad). Smaller projects are supposed to be implemented at sectoral level, rather than in an integrated way. Although this is an improvement, several budgets, such as the budget for rural areas (ILG) and water budgets, are not integrated in the MIRT.

Randstad 2040 presents an integrated spatial vision, in which economic objectives, including international competitiveness, connectivity, housing and recreation, are connected with environmental objectives such as climate change, transition of agriculture and the transformation of the Green Heart into an asset for the Randstad. The Randstad urgency programme has become more sectorally integrated over the years. Since 2009, a package of interlinked projects for three different regions within the Randstad (Amsterdam-Almere, Utrecht, and Rotterdam-The Hague) has been presented, rather than a long list of projects for the whole Randstad.

The overlap between regional-economic policy and innovation policy has been minimised over the last years in a pragmatic way. The OECD Randstad Review identified large overlaps between regional economic policy (Peaks in the Delta) and innovation policy (innovation programmes), despite their difference in approach, with Peaks in the Delta having a place-based approach to clusters that the innovation programmes do not have. These overlaps occur with respect to goals, target groups, themes, clusters and activities. For example, 15 of the current 22 clusters in the Peaks in the Delta programme overlap with those in the innovation programmes. The Ministry of the Economy, responsible for both programmes, has recognised this overlap and decided to clarify the position of the different programmes vis-à-vis each other. This has resulted in more cooperation between divisions in the department, streamlining of the selection processes and harmonisation of tender procedures (Vis *et al.* 2008).

As the Peaks in the Delta programme expires at the end of 2010, and a decision has to be taken on whether and how the programme should continue, this creates a window of opportunity for more structural solutions to minimise overlaps. Clusters whose comparative advantages are not connected to the specific place, e.g. illustrated by the fact that several other regions are also “specialised” in the cluster, could be integrated in a clusters policy with a more national focus. This could imply the integration of the two programmes (Peaks in the Delta and innovation programmes) into one, with national frameworks for non-region specific clusters and a place-based focus for the clusters in which one region in particular is specialised. In addition, they could be stronger linked to commercialisation of knowledge taking place in the various science parks. These science parks have recently received much attention (Innovatieplatform, 2010), while several of them have already reached a mature phase (Buck Consultants, 2010). As they could play a role in further development of knowledge-intensive clusters, they should be related to the national regional policies. The national government could stimulate the development of these parks in selected clusters and should identify where this would be most needed and arguably bring most benefits. An interesting model in this respect is the MaRS Discovery District in downtown Toronto, in which technological start-ups in life sciences are assisted with work space and services including advice, education, market research and funding.

These are all laudable developments but there is still room for more harmonisation or coordination between sectoral programmes. There is still a variety of programmes from different ministries with their own logic, administrative and financial mechanisms and rules for accountability. Further simplification and streamlining might be necessary. For example, the ILG has been an important step forwards in integrating budgets for rural areas, but there is still a variety of budgets for these areas (ILG, POP, KRW, FES and synergy-funds). Some of these budgets are earmarked, and they all have different accountability requirements which creates bureaucracy. The ILG could be (partly) integrated in the Multi-annual Programme for Infrastructure, Spatial Development and Transport (MIRT). The harmonisation that would be required for this would also make it possible to reduce some of the burdens connected to reporting requirements: (provinces have to report each year in detail about their progress in realising 40 performance targets within the ILG). There is relatively limited coordination between EU Cohesion Funds and regional economic policy (Peaks in the Delta), except in the programme for Northern Netherlands.

Assessment:

Important steps towards more intersectoral coordination have been made. The creation of the Multi-annual Programme for Infrastructure, Spatial Development and Transport (MIRT) in 2008 increased the coherence of place-based long-term investments, Randstad 2040 presents an integrated spatial vision, and the overlap between regional economic policy and innovation policy has been minimised over the last few years in a pragmatic way. These are all laudable developments that have probably resulted in more efficient and effective policies. The increased holistic, cross-sectoral approach promises many policy complementarities at the sub-national level and which are particularly relevant for densely populated areas such as the Netherlands where land is scarce. At the same time, there is still room for improvement. There is still a variety of programmes from different ministries with their own logic, administrative and financial mechanisms and rules for accountability.

Recommendations:

- Stimulate further integration, simplification and streamlining of the different budgets and regulations for place-based policies, using the MIRT as principal mechanism for decision-making on place-based policies and programmes. Set a time-frame on when integration of which programmes should be reached.
- Consider the further streamlining of Peaks in the Delta and the innovation programmes and reflect on the conditions under which the Agenda's of such economic programmes could become part of the MIRT in the future¹⁰.
- Investigate where the national government should stimulate the development of science parks, in order to further stimulate strong economic clusters.
- Reduce the burdens connected to overlapping reporting requirements of different programmes¹¹.

3.8 Long term vision

There are several good examples of forward looking integrated territorial planning in the Netherlands. The Randstad 2040 Vision is one of them, as well as the Area Agendas and the Mobility Plan (*Mobiliteits Aanpak*) within the area of transport and infrastructure. Within the framework of the Randstad 2040-vision, five public-private governance arrangements ("implementation alliances") have produced plans to make the Randstad 2040 Vision more operational, in five different areas, including compact city development, energy, port cooperation and further cooperation between Rotterdam and The Hague. The challenge will now be to transform the long term vision into long term investments and planning. A similar vision-focused project for the main metropolitan area in France ("Grand Paris") has provoked much of its interest because it was linked to the ambition of developing a large-scale ring of high-speed commuter trains around greater Paris.

A long term project with far-reaching spatial consequences is the preparation of an Olympic Bid. Broad political and societal consensus, which includes all government tiers, trade unions, business associations and the national Olympic committee, has been reached about the desirability of preparing of a bid for the 2028 Olympic Games in the Netherlands. An action plan has been made with main actions to be taken before a decision on an eventual bid in 2016 would have to be made. This action plan includes eight broad ambitions, one of which is the spatial ambition. As part of this ambition, an Olympic spatial super-

structure will be established that will identify critical mobility and planning bottlenecks that would need to be solved in case of hosting the Olympic Games. The objective of such a super-structure would be to use a possible Olympic bid as a catalyst for sustainable and attractive spatial development in the Netherlands. The ambition is also to extend the current planning horizon for infrastructure and spatial planning projects from 2020 to 2028. This long-term preparation exercise before the actual bidding is unique and is strikingly dissimilar to several Olympic bids. The energy that is generated by the perspective of a possible Olympic bid can work as a catalyst for a variety of place-based interventions that can contribute to regional competitiveness.

Assessment:

There have been several good examples of forward-looking visions within the domain of place-based policies, such as the Randstad 2040-vision, the Area Agendas, the Mobility Plan (*Mobiliteits Aanpak*) and the preparation for an Olympic Bid.

Recommendations:

- Transform the Randstad 2040 vision into long-term investments and planning
- Incorporate planning for the Olympic Bid into current planning frameworks, such as MIRT and a subsequent Randstad urgency programme.

3.9 Increased role for provinces in regional policy

The allocation of responsibilities between government tiers has since 2007 been clarified in agreements between national government, the association of provinces (IPO) and the association of municipalities (VNG). In these agreements the core responsibilities of provinces have been defined as regional economic development and culture. Health care, social care and welfare services have been defined as primarily municipal responsibilities. The national government is defining the framework with regards to spatial planning, mobility and the economy, but provinces are supposed to design long-term policies and strategies. These principles have led to the decentralisation of several national programmes to the provinces, including some spatial development programmes.

However, there are concerns about provincial capacity in certain domains. Provinces have not been very active in exploiting the possibilities of environmental schemes for rural landowners. The OECD Rural Policy Review indicated that these schemes are only marginally used in the Netherlands. Despite national objectives to use these more frequently, provincial uptake has still been limited. Co-ordination between provinces is limited; there is no benchmarking and knowledge sharing (Visitatiecommissie ILG, 2009). An interesting model for increased supra-regional cooperation and coordination is provided by the case of Switzerland. Inter-cantonal conferences have provide valuable for promoting horizontal co-ordination for economic promotion, whereas inter-cantonal concordats in many areas express the agreement between two or more cantons to co-operate on specific topics.

Assessment:

Provinces have become more important players in regional policies, but have shown limited capacity for inter-provincial coordination.

Recommendations:

- Fine-tune the allocation of tasks between different levels of government.
- Improve coordination between provinces, in order to increase knowledge sharing and inter-provincial projects.

3.10 Programmes and projects, rather than structures

Governance challenges were tackled by common programmes and projects, rather than changes in administrative structures. An example of this is the Randstad urgency programme, which aims to stimulate rapid decision-making about urgent projects, mostly concerned with infrastructure, in the Randstad that would enforce its international competitiveness. Every year a new selection of projects is made where decisions would have to be taken. There were 35 projects in 2007, 33 in 2008 and 22 in 2009. Projects no longer form part of the urgency programme as soon as the main decisions for a project have been taken. For each of the projects, a duo has been made responsible for progress in decision-making: this duo consists of one political representative from the national government and one from the regional government. These two representatives sign a document (“contract”) in which the timeline for main decisions with regards to the project is fixed. An “ambassador” is appointed for each project to assist and advise the duo. A programme directorate consisting of civil servants monitors the progress of the different projects and intervenes when delays are occurring. Every year a conference is organised that serves to allocate “fame and shame” to those who managed or did not manage to realise the timelines in their contract. At the beginning of the new government period, the Minister of Transportation and Infrastructure was appointed minister for the Randstad. In this ministry, a programme directorate has been formed to coordinate the Randstad urgency programme.

In order to improve the coherence of the public transportation network in the Randstad, a public transport coordination body for the Randstad (*OV-bureau Randstad*) was created in 2009. This initiative follows a recommendation in the OECD Territorial Review of the Randstad to improve region-wide transport planning in the Randstad, based on a programme-based approach and possibly by creating a project management organisation. This body is a cooperative arrangement between national and regional public transport authorities, using staff that is assigned from the participating nine transport authorities in the Randstad (currently 10 staff members). The organisation has a mandate for two and a half years and its priorities include the improvement of the public transport network, multi-modality and more effective use of railways for regional transportation. It will define a common vision on a high-quality public transport network in the Randstad and identify connections that seem to be missing. In order to improve multi-modality, it will focus on improving public transport nodes, park and ride-facilities, bicycle parking facilities and travellers information. Considering its recent creation, it is too early to assess the effectiveness of the *OV-bureau Randstad*. Depending on the obstacles that it might face in attempting to achieve its goals, this organisation might be granted more instruments to achieve an area-wide high quality public transport network.

These programmes for regions and programme ministers appear to have been useful governance innovations. All the decision-making timelines for the projects in the Randstad urgency programme have been realised. As such, it could be considered to have accelerated decision-making processes and increased the commitment of national government for achieving place-based objectives. The conditions under which a programme for the Randstad, and other regions, could continue in the next cabinet period are a more selective and strategic focus, with more instruments for the ministers responsible for projects.

Discussions have come up on the need for departmental reorganisations. There is room for departmental reorganisations, as the allocation of responsibilities among departments is, like in many OECD countries, probably not the most logical. One of the options under discussion is the creation of one ministry responsible for all issues concerning the physical environment, including spatial development, infrastructure, nature and landscapes. In this way, some of the needed coordination and harmonisation of spatial development programmes might be facilitated. Another option is to integrate agriculture into the Ministry of the Economy, given that agriculture could be considered a business sector like any other. It is clear that whatever construction is chosen, there will be a continued need for coordination between and within departments: some of the challenges of inter-departmental coordination might simply become challenges of coordination between directorates, and there will always be areas in which several ministries have a stake.

Another on-going discussion concerns the size of regional and local governments. Proposals have been circulated by working groups with options for amalgamating provinces and local governments. The question here is whether the benefits outweigh the transaction costs of reform. Experience from several countries shows that the benefits of amalgamating regional and local governments are ambiguous. In several cases, the budgetary goals that have been behind these operations have not been realised and in some cases, such as Montreal, amalgamations have been undone as objectives were not reached. The benefits of amalgamating all Dutch provinces are *a priori* not very convincing: although there are some areas where coordination beyond the level of the current provinces is needed (e.g. in creating synergies from different economic development models), most challenges for regions appear to be at the level between province and municipality. There might thus be some rationale for merging local governments (and, in some cases, suppressing provinces in order to avoid administrative overlap), but it is questionable whether the benefits of such an operation would justify the potentially huge transaction costs. If large-scale administrative reform would be undertaken, it would in the Dutch context take at least five years to realise these; this underlines the continuation of more ad hoc governance arrangements, such as the Randstad urgency programme. One of the few large scale local government amalgamation projects that could serve as an example is the one realised in Denmark in 2007, characterised by a rapid reform process based on voluntary mergers in the first instance, but imposed mergers on local governments if they would not have merged voluntarily and have less than 30,000 inhabitants in their municipality. Amalgamations might also be introduced on a more voluntary basis by providing local governments with more incentives to merge, e.g. by providing a merger grant as has been applied in Finland.

In many metropolitan areas, there are administrative arrangements in the form of inter-municipal cooperation (WGR-plus) which appear to work reasonably well, although the evaluation of WGR plus foreseen in 2010 will provide more elements on the functioning of this mechanisms. In anticipation of this evaluation, there appears room to improve this arrangement, by providing it with more responsibilities and funding, and by rolling out this model over other areas in the Netherlands, as well. Finland provides interesting models for inter-municipal service provision - sometimes comparable to cooperation models in the Netherlands - which would deserve consideration. In order to come up with a larger catchment area for service provision, local governments in Finland can create co-operation areas which have a joint municipal organ or board, with decision-making power based on the municipal population unless otherwise agreed by the municipalities. Such joint municipal boards are obligatory for services of specialised medical care and special care for the mentally handicapped. Joint municipal authorities are voluntary within the field of vocational training and regional enterprise development support.

Assessment:

Several initiatives have been taken to improve governance arrangements in the Randstad, most of which are pragmatic, aimed at realising common goals rather than changing administrative structures. Examples of this approach include the Randstad urgency programme and a programme minister for the

Randstad. These innovations appear to have been useful in increasing the commitment of national government and other actors for achieving place-based objectives.

Recommendations:

- Continue the programme for the Randstad, and consider extending the approach to other regions (e.g. the Brainport-region), but apply a more selective and strategic focus, with more instruments for the ministers responsible for projects.
- Consider to provide more instruments to the public transport coordination body for the Randstad, in order to achieve an area-wide high quality public transport network.
- Improve governance arrangements at the level of the city-region (WGR-plus); provide them with more instruments and funding and roll them out to other areas in the Netherlands.

3.11 Simplification of governance mechanisms

Reduction of regulatory burdens was one of the priorities of the Balkenende IV-government. Its aim was to reduce these burdens by 25% during 2007-2011. In order to achieve this goal, it came up with a Smarter Regulation programme (*Slimmere regels, betere uitvoering en minder lasten*). A main element of this programme is the integrated physical environment permit (*omgevingsvergunning*) that will integrate different permits within the field of housing, environment and physical domain (26 in total) into one integrated permit. This integration into one permit also implies the integration of application procedures, decision making processes and appeal procedures. This permit will be introduced in October 2010. A similar streamlining of permits has been undertaken with regards to water; in case someone would need both this integrated water permit and the physical environment permit, one application would be sufficient.

Initiatives have been put in place to facilitate quicker decision-making on infrastructure projects. Following the advice of the Elverding commission, a process design mechanism has been created, called “Quicker and Better” (*Sneller en Beter*). It lists the concrete steps in the decision-making process leading up to the implementation and financing of infrastructure projects. Due to this clarification and harmonisation of processes, it is expected that decision-making procedures will become faster. The aim of the project is to reduce the time for realisation of infrastructure projects from the current 14 years to 7 years (4 years for the preparation and 3 years for the actual construction). In order to speed up certain decision making processes with respect to road infrastructure, the Law on accelerating decision-making in road projects has become effective from 2009.

In addition, the Crisis and Recovery Act, the stimulus package accepted by parliament in 2010 to tackle the economic crisis, simplifies laws and regulation that currently impede the progress of certain projects with respect to housing construction, industrial estates and infrastructure. Some of these simplification measures concern specific projects that form part of the stimulus package in the Crisis and Recovery Act; these simplifications expire in 2014. Other simplification measures (e.g. with respect to Natura 2000 areas) will continue to exist beyond 2014. Due to these simplifications, several activities will become easier, such as wind energy parks and energy production by the agricultural sector via fermentation. These are all good initiatives to simplify governance arrangements, but it remains difficult to say at this point whether they will effectively manage to accelerate the time for decision making. Although the acceleration of decision-making processes will contribute to longer-term economic growth, it is doubtful whether it will have had much effect on recovery from the crisis, considering that the package was only accepted in 2010.

Assessment:

Important steps have been made to simplify regulation (e.g. with respect to permits) and accelerate decision-making processes. As most of these reforms have only been recently introduced, it is difficult to say whether they have actually reduced the time between preparation and realisation of public investments.

Recommendations:

- Consider making the temporary measures in the Crisis and Recovery Act (to accelerate infrastructure projects) permanent.

NOTES

1. In particular, reforming the rental sector alone could be perceived as imposing costs on the less well off, while wealthier segments of the population continue to benefit from distortionary policies towards owner-occupied housing; see Tompson (2009), chapter 20.
2. If the net commuting rate is above 10%, a locality belongs to a larger functional region; if below 10%, it can be considered an integrated labour market in itself
3. Predominantly urban regions are regions in which less than 15% of the population lives in municipalities with a population density of less than 150 inhabitants per square kilometre. Intermediate regions are regions in which 15% to 50% of the population lives in municipalities with a population density of less than 150 inhabitants per square kilometre. Predominantly rural regions are regions in which more than 50% of the population lives in municipalities with a population density of less than 150 inhabitants per square kilometre.
4. Clusters are here defined by their size, specialisation and focus, using methodology and data from the European Cluster Observatory. The Observatory shows the extent to which clusters have achieved specialised critical mass by employing measures of these three factors, and assigning each cluster 0, 1, 2 or 3 'stars' depending on how many of the below criteria are met. The 'size' measure uses the share of total European employment as an indicator and shows whether a cluster is in the top 10% of all clusters in Europe within the same cluster category in terms of the number of employees. Those in the top 10% will receive one star. The 'specialisation' measure compares the proportion of employment in a cluster category in a region over the total employment in the same region, to the proportion of total European employment in that cluster category over total European employment. If a cluster category in a region has a specialisation quotient of 2 or more it receives a star. The 'focus' measure shows the extent to which the regional economy is focused upon the industries comprising the cluster category. This measure relates employment in the cluster to total employment in the region. The top 10% of clusters which account for the largest proportion of their region's total employment receive a star.
5. Economic activities that are well presented in all four regions in the Netherlands are finance, education, construction, sporting, oil and gas and jewellery. There is also a variety of sectors that are well presented in West, South and East, including business services, transportation, entertainment, publishing, agriculture and building fixtures.
6. Green technologies are here defined as: electric and hybrid vehicles; energy efficiency in buildings and lighting; pollution abatement and waste management; and renewable energy.
7. One of the three pillars of the policy for large cities, the economic pillar, has ceased to exist, and another pillar, the urban renewal budgets (ISV) will most probably from 2011 be decentralised and integrated into the general grants to municipalities and provinces.
8. Moreover, considering the large uniformity in action plans drafted by cities as a requirement for the above-mentioned national policy for large cities (*Grote Steden Beleid*), it can be argued that this policy in fact did not manage to exploit the local comparative advantages of the different cities.
9. Some 36% of all housing (77% of the rental stock) consists of social housing – a very large share by international standards. It is owned and administered not by central or local government but by the housing associations, which are autonomous, not-for-profit institutions. The associations have been financially

independent of the state since 1995, and they build and sell housing, as well as operating on the rental market, which is their main occupation. The HAs “own themselves” (they have no shareholders), but use of their money is regulated by the state and their surpluses are mainly invested in urban renewal and new housing stock.

10. The OECD Territorial Review of the Netherlands to be conducted in 2011 could also provide more reflections on this issue.
11. The OECD Territorial Review of the Netherlands to be conducted in 2011 could also provide more reflections on this issue.

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