

Netherlands

Key facts and issues

The Netherlands is a unitary country with a population of 16.9 million. Subnational governments are responsible for 30.1% of public expenditures, ranking the Netherlands 17th in the OECD in terms of public spending decentralisation. The Netherlands is the 2nd most urbanised country in the OECD, with 73% of its population living in predominantly urban regions. Between 2000 and 2013, the Netherlands was one of the few countries in the OECD where rural area economies (GDP) grew at a faster pace than urban regions.

The GDP per capita of the Netherlands, just over USD 48 300, is about 17% higher than the OECD average, making it the 6th highest in the OECD. Inter-regional disparities of small regions (TL3) are the 2nd lowest in the OECD, as measured by the Gini index. That index, capturing all regions, has declined since 2000. However, the gap between the top and bottom 20% regions grew between 2008 and 2013, due to a faster decrease in GDP per capita in the poorest regions compared to the richest. While the share of the population 65 and over is average for the OECD, there are wide disparities in the elderly dependency rate across types of regions, which is substantially higher in predominantly rural regions than in predominantly urban regions. Ageing is not an issue everywhere. The Netherlands is the country with the highest share of part-time employment in the OECD. The employment performance (employment and unemployment rates) in the Netherlands is around the OECD average, with very little disparities across regions (TL2).

Netherlands: regional, urban and rural development policies

| Policy Area | Enabling Document, Strategy, or Framework | Strategic Objectives and Means | Lead Ministry, Agency or Committee |
|-------------|---|---|---|
| Regional | No explicit framework but implicit in economic policy ¹ , elements can be found in: National Policy Strategy for Infrastructure and Spatial Planning (2012) | Focus on entrepreneurship in the top sectors of the economy and innovation policy through various support initiatives such as fiscal incentives, infrastructure provision with priority to certain designated zones, strategic role of city networks ¹ | Ministry of Economic Affairs |
| Urban | No over-arching framework | National action focuses on infrastructure for transportation and curbing sprawl for sustainability; business and innovation support are also on the agenda | Ministry of Interior and Kingdom Relations |
| Rural | Third Rural Development Programme (2014-2020) | Innovation and sustainability, reducing the trade-off between productive agriculture and environmentally sustainable development | Ministry of Economic Affairs (Minister for Agriculture) |

General policy approach

The Netherlands currently has no explicit regional development policy. The Top Sector programme offers a broad-based approach to stimulate entrepreneurship and innovation, mainly through fiscal instruments, as well as a focus on nine priority sectors. The policy therefore has an impact on the environment and innovation resources located in different regions. The Top Sectors are administered through 19 Top Consortia for Knowledge and Innovation in the form of public-private partnerships. New agreements with provinces have been put in place to connect the regional economies to the Top Sector policy. The National Spatial Structure maps out the areas and structures of national importance. The National Policy for Infrastructure and Spatial Planning sets out general frameworks, with specific structural visions for areas with complex issues. There are also different vision documents across the different levels of government. A National Urban Agenda is under development. The latest Rural Development Programme focuses more on innovation and sustainability.

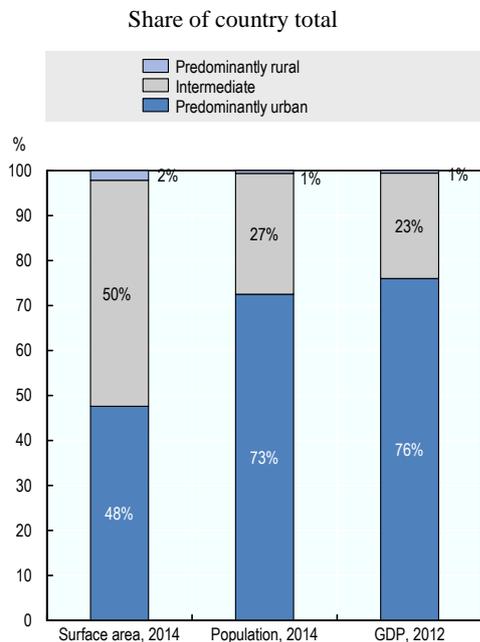
Recent policy changes

- After terminating the Peaks in the Delta programme in 2010, which was the spatial economic and overarching regional development policy framework, a new enterprise policy was launched to boost growth via the Top Sector policy.
- In 2014, agreements between the Ministry of Economic Affairs and each of the 12 provinces were put in place to connect regional economies to the Top Sector policy (*MKB Samenwerkingsagenda Rijk-Regio*). The agreements ensure that innovative SMEs receive better support from the government and that promising companies and innovations in each region can grow to a national or international level.
- The Ministry of Interior and Kingdom Relations, in partnership with the Ministry of Infrastructure and Environment and the Ministry of Economic Affairs, is co-ordinating the development of a National Urban Agenda (*Agenda Stad*). The agenda includes measures to boost economic growth, quality of life and innovation in Dutch cities.
- The third Rural Development Programme has a focus on innovation and sustainability to enable the agricultural sector to maintain a strong competitive position with fewer external effects for the environment, landscape and society.
- Territorial and governance reforms have also been advanced in recent years (e.g. provincial mergers, the abolition of the city-regions, creation of the MRDH in Rotterdam-The Hague, among others).

Netherlands: Main regional, urban and rural development policy tools

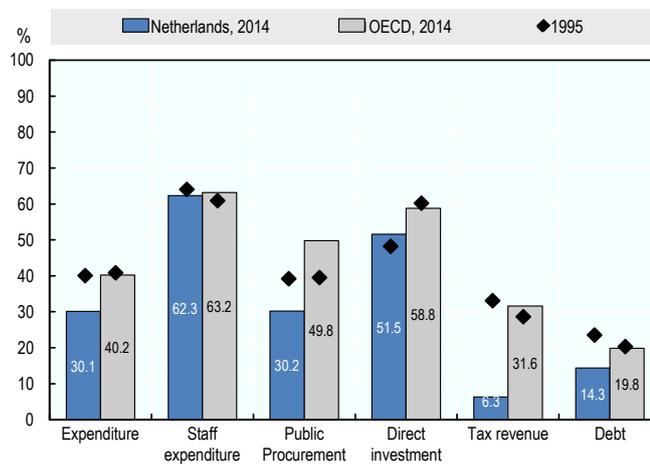
| Policy Instrument | ✓ | Examples |
|---|---|---|
| Transport Infrastructure investments and systems of cities | ✓ | Infrastructure Fund intended for both national and regional projects financed through lane fees and tolls. BDU-subsidy: annual contribution of funds to the provinces and two Transport Authorities (Rotterdam/Den Haag and Amsterdam). Better Use programme : In this programme, the Dutch government, regions and businesses are working together to improve road, waterway and railway accessibility in the busiest regions. Infrastructure may also be financed through central government transfers to local authorities |
| Other Infrastructure investments Service delivery (subsidies for public services) | ✓ | Some territorial projects aim at providing pristine sector-oriented infrastructure, such as Brainport Eindhoven . |
| Business development/ innovation support Urban renewal Urban form and land use | ✓ | Top Sector Policy through sectoral consortia and friendly fiscal policies |
| Sustainability policies | ✓ | Sustainable urbanisation ladder : part of the national strategy policy for infrastructure and spatial planning through the spatial planning decree; includes planning guidelines to prevent inefficient land use and over-planning, with an environmental impact assessment. |
| Rural-urban linkages Clusters/technology platforms/ centres of expertise Special economic zones Rural landscape preservation Skills/training programmes Capacity building for subnational governments | ✓ | Top Sector Policy has a distinct cluster policy |

Land, population and economy in rural and urban regions



Subnational government role in public finance

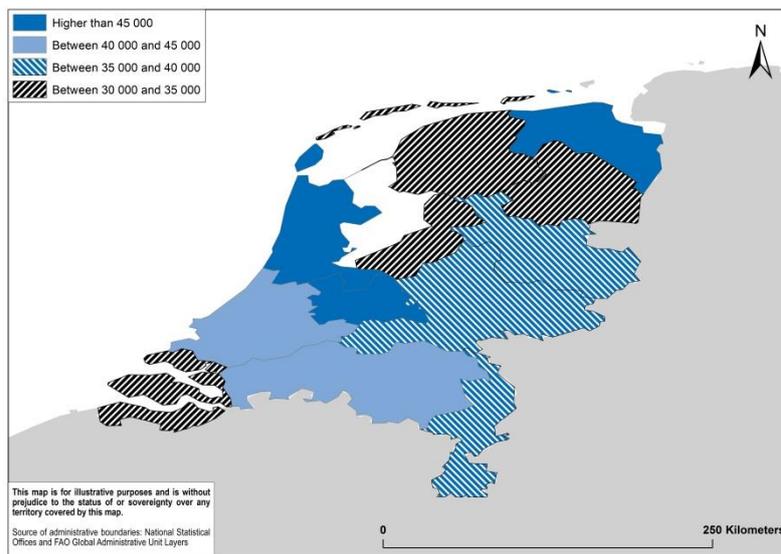
Share of general government



Number of subnational governments

| Municipal level | Intermediary level | Regional or state level | Total |
|-----------------|--------------------|-------------------------|-------|
| 390 | | 12 | 402 |

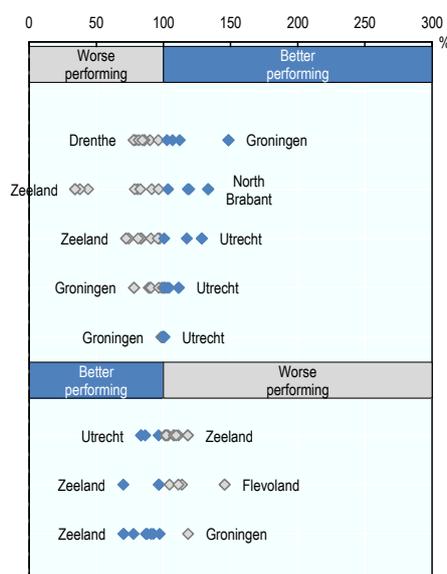
Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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Inter-regional disparities (as a % of the country average)



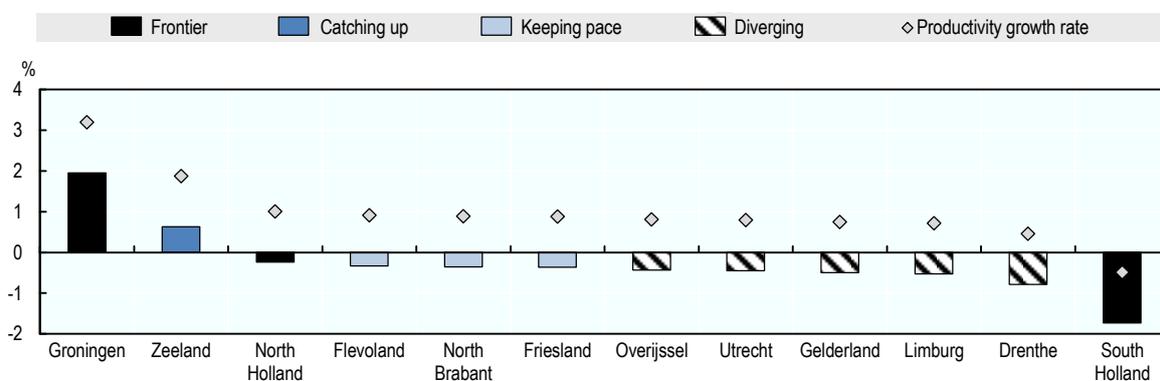
| Variable | Min. | Max. | Country Avg. | OECD Avg. | Disparities up or down since 2001 |
|--|--------|---------|--------------|-----------|-----------------------------------|
| GDP per worker (2013) | 66 817 | 131 283 | 84 877 | 74 520 | up |
| R&D expenditure as a % of GDP (2013) | 0.68 | 2.64 | 1.98 | 2.4 | down (2005) |
| Share of labour force with tertiary education | 24.3 | 43.2 | 33.6 | 32.3 | down |
| Disposable household income (2011) | 20 816 | 29 728 | 26 666 | 34 866 | up (2005) |
| Life expectancy (2013) | 80.3 | 82.0 | 81.4 | 80 | up |
| Share of workforce with only primary education | 19.2 | 27.2 | 23.0 | 25.2 | up |
| Unemployment rate | 5.3 | 11 | 7.6 | 7.3 | down |
| Gender gap in participation rate | -7.6 | -12.8 | -10.8 | -15.9 | up |

Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

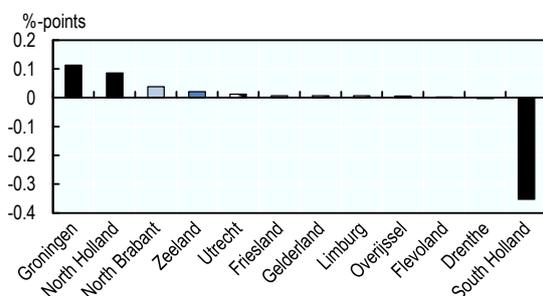
Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2001-2013

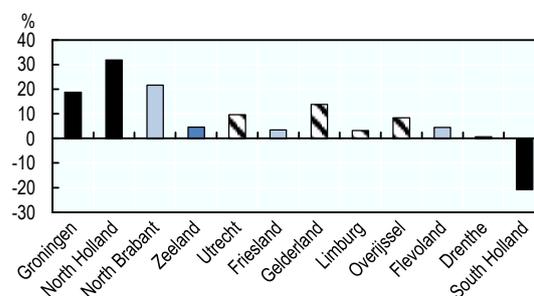
See country page notes for classification of regions



Contribution to labour productivity growth, 2001-13



Percentage contribution to national GDP growth, 2001-13



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

StatLink <http://dx.doi.org/10.1787/888933420414>

Country page notes

Main indicators

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|--|---|
| OECD average | represents the weighted average of OECD country/region values for the given year or closest year available. |
| OECD Regional Well-being framework | considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction). |
| Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker) | is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015. |
| Subnational government role in public finance | is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system). |
| Gini index (regional income inequality) | The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity. |
| R&D expenditure | is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors. |
| Household disposable income and poverty rate | is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median. |
| Participation rate, unemployment rate, youth unemployment and NEETs | The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds). |
| Primary and tertiary education | Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over. |
| Elderly | are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64). |
| Air pollution | is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}). |
| Life expectancy | measures the number of years a newborn can expect to live, if death rates in each age group remain constant. |

Typology of regions with respect to productivity

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|---|--|
| Frontier | is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment. |
| Catching-up regions, diverging regions and regions keeping pace | is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band. |

Typologies of regions with respect to population or other functions

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|---|---|
| Regions (TL2 and TL3) | are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population. |
| TL3 typology (urban, intermediate, rural) | TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories. |
| Metropolitan area | is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows. |

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.