

NATIONAL STRATEGIC REFERENCE FRAMEWORK

Structural Funds 2007-2013

4 December 2006

Final version

CONTENTS

1	INTRODUCTION	5
2	ANALYSIS OF THE COMPETITIVE POSITION OF THE NETHERLANDS	7
2.1	MACROECONOMIC POSITION	7
2.2	ANALYSIS OF THE DUTCH REGIONS.....	12
2.2.1	<i>Overview</i>	<i>12</i>
2.2.2	<i>Analysis of South Netherlands.....</i>	<i>14</i>
2.2.3	<i>Analysis of East Netherlands.....</i>	<i>14</i>
2.2.4	<i>Analysis of West Netherlands.....</i>	<i>15</i>
2.2.5	<i>Analysis of North Netherlands.....</i>	<i>15</i>
2.3	SUMMARY.....	16
3	STRATEGY	17
3.1	INTRODUCTION	17
3.2	POLICY FRAMEWORK	17
3.3	OBJECTIVE AND PRIORITIES	20
3.4	FOCUS & INTEGRAL APPROACH.....	22
3.5	TERRITORIAL PRIORITIES	22
4	OBJECTIVE 2 COMPETITIVENESS (ERDF)	26
4.1	INTRODUCTION	26
4.2	INNOVATION, ENTREPRENEURSHIP AND KNOWLEDGE ECONOMY	26
4.2.1	<i>Objective</i>	<i>26</i>
4.2.2	<i>Approach.....</i>	<i>26</i>
4.2.3	<i>Policy areas.....</i>	<i>28</i>
4.3	ATTRACTIVE REGIONS	30
4.3.1	<i>Objective</i>	<i>30</i>
4.3.2	<i>Basic principles.....</i>	<i>30</i>
4.3.3	<i>Policy areas.....</i>	<i>31</i>
4.4	ATTRACTIVE CITIES	32
4.4.1	<i>Objective</i>	<i>32</i>
4.4.2	<i>Approach.....</i>	<i>32</i>
4.4.3	<i>Policy areas.....</i>	<i>33</i>
4.5	OVERVIEW OF TERRITORIAL FOCUS	34
5	OBJECTIVE 2 EMPLOYMENT (ESF).....	35
5.1	INTRODUCTION	35
5.2	INCREASING THE LABOUR SUPPLY AND AN INCLUSIVE LABOUR MARKET	35
5.2.1	<i>Objective</i>	<i>35</i>
5.2.2	<i>Approach.....</i>	<i>35</i>
5.3	IMPROVING ADAPTABILITY AND INVESTING IN HUMAN CAPITAL.....	36
5.3.1	<i>Objective</i>	<i>36</i>
5.3.2	<i>Approach.....</i>	<i>36</i>
6	OBJECTIVE 3 EUROPEAN TERRITORIAL COOPERATION.....	37
6.1	INTRODUCTION	37
6.2	CROSS-BORDER COOPERATION	37
6.3	TRANSNATIONAL COOPERATION	39
6.4	INTERREGIONAL COOPERATION	40
7	IMPLEMENTATION	42
7.1	INTRODUCTION	42
7.2	FINANCING AND PROGRAMMES.....	42
7.2.1	<i>Financial overview.....</i>	<i>42</i>
7.2.2	<i>Objective 2 Competitiveness (ERDF).....</i>	<i>43</i>
7.2.3	<i>Objective 2 Employment (ESF).....</i>	<i>45</i>
7.2.4	<i>Objective 3 European territorial cooperation.....</i>	<i>45</i>
7.3	MANAGEMENT.....	46

1 Introduction

One of the Cabinet's main objectives is to boost the competitiveness of the Netherlands, to which an extensive package of measures is committed. Boosting competitiveness is not a matter for the Cabinet alone. An important role is reserved for companies, employees, knowledge institutions, decentralised authorities and other social groups. The European cohesion policy – also known as the structural policy – offers the opportunity of giving extra impetus to this objective in the coming years.

The Cabinet recorded the measures to be taken in the coming years to boost competitiveness in the National Reform Programme. The present National Strategic Reference Framework (NSRF) indicates how, supplementary to this, the structural funds will be used in the period 2007-2013 to bolster this policy further. The National Strategic Reference Framework is a new structural policy instrument allowing a more strategic approach.

Box 1: The European cohesion policy

The European cohesion policy aims to increase economic, social and territorial cohesion in the European Union. The policy has three objectives from 2007:

- Objective 1 Convergence: focused on the least prosperous countries and regions
- Objective 2 Regional competitiveness and employment: focused on all other regions
- Objective 3 European territorial cooperation: focused on all regions in the European Union to intensify mutual cooperation across national borders.

The Netherlands is eligible for Objectives 2 and 3. In the period 2007-2013, the Netherlands will receive EUR 1 692 million (2004 prices), of which EUR 1 473 million intended for Objective 2 and EUR 219 million for Objective 3.

In the Community Strategic Guidelines, the European Commission indicated its wish to bring structural policy more under the umbrella of the Lisbon agenda and to give priority to innovation, the knowledge economy and human capital. The Cabinet supports this choice and concentrates the commitment of the structural funds in the Netherlands on these policy areas. However, the knowledge economy prospers only in an attractive business climate, in which the quality of the surroundings is also an important factor. Investment in an attractive living and working environment to contribute to economic growth and employment also therefore forms part of the commitment of the structural funds.

The openness of the Dutch economy means that the international context is very important. A great deal of importance is therefore attached to the European territorial cooperation component of the cohesion policy. This is a policy area with distinct added value for the Community.

An important basic principle in this National Strategic Reference Framework is that a link-up is made with existing policy. Greater commitment to this, rather than devising new policy, guarantees the most effective commitment of the structural funds to be received.

This NSRF relates to both Objective 2 'Regional competitiveness and employment' and Objective 3 'European territorial cooperation'. Because the Objective 3 programmes are drawn up together with other Member States, this component is developed more globally.

Box 2: The European cohesion policy and the Lisbon agenda

The European Union wishes to become the most prosperous and competitive region in the world. The Lisbon agenda has been drawn up for this purpose. The cohesion policy must make a contribution to this. The Lisbon agenda has three priorities:

- Attractive regions and cities
- Innovation, entrepreneurship and knowledge economy
- More and better jobs.

These three priorities form the starting point for this National Strategic Reference Framework.

Community Strategic Guidelines and the regulations

The National Strategic Reference Framework, like the Community Strategic Guidelines, is a policy document. It describes how, in the Cabinet's opinion, the structural funds can be committed the most effectively and the most efficiently with a view to strengthening the competitiveness of our country. In addition, the regulations also play an important role for the operational programmes. Whereas the guidelines and this reference framework mainly describe what is *desirable*, the regulations state what is legally *permissible*.

Stakeholder involvement

The successful commitment of the structural funds requires the involvement of a large number of parties. The social partners and decentralised authorities play a key role in the implementation of the operational programmes. For this reason, these and other organisations are consulted on this reference framework and the central government and these parties cooperate closely in drawing up the operational programmes. Annex 1 describes which parties were involved.

Programmes

This reference framework has been developed into operational programmes by the Cabinet and the decentralised authorities in cooperation with the relevant social groups. The box below shows which programmes will be submitted. In the Objective 3 programmes, the Netherlands is responsible for managing the cross-border Maas-Rhine programme. The Netherlands is a participant in the other Objective 3 programmes.

Box 3: Operational programmes

Objective 2 Regional Competitiveness	North, East, South, West
Objective 2 Employment	national programme
Objective 3 Cross-border Cooperation	Netherlands-Germany, Maas-Rhine, Netherlands-Flanders, Maritime programme
Objective 3 Transnational Cooperation	North Sea programme, North-West Europe
Objective 3 Interregional Cooperation	Interregional, ESPON, INTERACT, URBACT

2 Analysis of the competitive position of the Netherlands

2.1 Macroeconomic position

The position of the Dutch economy in Europe is not unfavourable. The Netherlands is a relatively rich country, with per capita income about 10% above the average in the euro area and 24% above the EU-25 average (Table 2.1). The Dutch also perform well in terms of labour force participation rate: 73% of the labour force has paid work, compared to 63% in the EU-15 and 63% in the EU-25.

However, the gross domestic product (GDP) and labour force participation rate do not give the full picture of Dutch economic performance. After a strong economic upswing at the end of the 1990s, with average annual GDP growth of 3.7% in 1996-2000, this growth has tailed off in recent years to an average of 0.6% per year. This growth is about one per cent lower than that of the other Member States. Fortunately, the Dutch economy is over the worst and forecasts for 2006 and 2007 are positive. In 2006, the Netherlands is expected to be ranked 3rd in the EU for per capita GDP and 11th for labour productivity.

Table 2.1: Per capita GDP and labour productivity

	Per capita GDP (GDP in purchasing power parities per capita. Index EU25 = 100)			Labour productivity (GDP in purchasing power parities per employed person. Index: EU-25 = 100)		
	2005	2006	2007	2005	2006	2007
EU-25	100	100	100	100	100	100
Euro area	106.3	106.0	105.2	106.6	106.2	105.6
Netherlands	123.3	123.9	124.4	107.9	107.9	107.7

Source: 2006 progress report of the Dutch National Reform Programme 2005-2008 (2006)

Labour market

The high labour force participation rate in the Netherlands gives a distorted picture. The Netherlands too is experiencing considerable underutilisation of the potential labour supply. Admittedly, according to Eurostat, the participation rates for men, women and the elderly in the Netherlands stand at 79.9%, 66.4% and 46.1% respectively and are therefore above the EU-25 average (71.3%, 56.3% and 42.5% respectively), but the European definitions applied for these percentages, in contrast to the Dutch national statistics, also include jobs of less than 12 hours per week. The Netherlands has a relatively high percentage of part-time workers: in 2005, 22.6% for men, compared to 7.4% in the EU-25, and 75.3% for women, compared to 32.6% in the EU-25. "Small jobs" are counted in full for the labour force participation rate, but are of only limited economic significance on account of the few hours worked.

Of all OECD countries, a Dutchman therefore on average works the fewest hours per year. On the other hand, labour productivity per hour worked in the Netherlands is among the highest in the EU, but here too a marginal note is in order. The growth in labour productivity, and with it the contribution to economic growth, at 0.8% during the period 1994-2003, trailed about one per cent behind that of the other EU-15 Member States. Increasing labour force participation by unused potential labour supply and a stronger rise in labour productivity are important tasks for the coming years to generate and secure sustainable economic growth. A general analysis of the Dutch labour market expressed in strengths, weaknesses, opportunities and threats is presented in Table 2.2.

Table 2.2: The Dutch labour market: strengths, weaknesses, opportunities and threats

<p><i>Strengths</i></p> <ul style="list-style-type: none"> ▪ decrease in number of persons suffering from incapacity to work through absence from work policy and prevention ▪ relatively high labour market participation measured in jobs ▪ a large quantity of flexible labour (part-time, temporary employment) ▪ quite dynamic labour market (regeneration of jobs) ▪ present labour force well-trained on average ▪ high labour productivity 	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> ▪ short average working hours ▪ mismatch education and business community, shortage of (scientist) technicians, researchers ▪ training level of 22 year-olds below EU target (starting qualifications) and many early school-leavers ▪ relatively low level of participation in lifelong learning among low-skilled, unemployed and older workers ▪ bad positions for lower-skilled workers ▪ low growth in labour productivity ▪ stagnation in participation and hours worked by women ▪ high unemployment among immigrants ▪ relatively high level of incapacity for work ▪ low growth in number and percentage of highly trained ▪ low number of business start-ups
<p><i>Opportunities</i></p> <ul style="list-style-type: none"> ▪ internationalisation / technological development ▪ increase in highly-skilled labour ▪ increase in labour supply as a result of more activating social security ▪ economic growth picking up 	<p><i>Threats</i></p> <ul style="list-style-type: none"> ▪ labour migration (increase in low-skilled workers). ▪ ageing/dejuvenation ▪ shortage of highly-trained personnel, including teacher shortage in technical education ▪ disappearance of low-skilled work as a result of technological developments. As a result, increasing unemployment among low-skilled workers

This analysis shows that, in addition to striving to boost labour productivity and labour force participation of various groups, a policy focus on education and qualifications at various levels, but especially at the lower end of the labour market, is beneficial to the Dutch labour market. The analysis is developed further in the ESF Operational Programme 2007-2013, as starting point for the strategic commitment of ESF resources in the new programming period.

Business and innovation climate

An attractive business environment is an absolute must to keep the Netherlands competitive. In the globalising knowledge economy, in addition to traditional factors such as infrastructure and business premises, attractive housing conditions and an inspiring urban living and working environment are of ever greater importance. This also requires attention being paid to economic sustainability.

The Netherlands has long offered an attractive climate in which to establish. The Netherlands is rated average to good for many aspects of the business climate compared to other European Member States. This is especially true of the preconditions for economic growth, such as the macroeconomic

conditions and the functioning of the public authorities.¹ The attractiveness of the establishment and business climate has waned in recent years, as evidenced by the fall on the 'growth competitiveness index' of the World Economic Forum. Since 2000, the Netherlands has topped from 4th to 15th place in 2002, with a recent recovery to 12th place in 2004. The aim is to have regained its former high position by 2008. This means that it is necessary to commit to measures which strengthen the establishment climate.

Table 2.3: The Dutch business and innovation climate

<p><i>Strengths</i></p> <p><i>Innovation climate</i></p> <ul style="list-style-type: none"> ▪ An efficient knowledge system which puts up a respectable performance despite relatively little money² ▪ The development of knowledge is on a par with high-level scientific research ▪ The business community innovates relatively efficiently and applies for a large number of patents <p><i>Business climate</i></p> <ul style="list-style-type: none"> ▪ The Netherlands has long offered an attractive establishment climate ▪ High concentration of broadband connections 	<p><i>Weaknesses</i></p> <p><i>Innovation climate</i></p> <ul style="list-style-type: none"> ▪ The <i>links in the system</i>, the public-private relationship and the connection between education and research can still be improved ▪ Inadequate translation of knowledge into new products and services and relatively low private investments in R&D. <p><i>Business climate</i></p> <ul style="list-style-type: none"> ▪ The Netherlands no longer holds a top position in many fields of knowledge ▪ Low number of entrepreneurs starting up ▪ Little (venture) capital for starting and growing enterprises
<p><i>Opportunities</i></p> <p><i>Innovation climate</i></p> <ul style="list-style-type: none"> ▪ By combining public and private efforts more in the field of the knowledge economy, the return on investments in knowledge can be increased <p><i>Business climate</i></p> <ul style="list-style-type: none"> ▪ Integral development must ensure that the innovative potential of regions and cities can be turned to effect 	<p><i>Threats</i></p> <p><i>Innovation climate</i></p> <ul style="list-style-type: none"> ▪ Entrepreneurs are given too little scope to translate the knowledge into new and existing products and services and to place them on the market ▪ Relatively high number of early school-leavers ▪ Short time spent in education ▪ Fall in average level of training of the Dutch labour force <p><i>Business climate</i></p> <ul style="list-style-type: none"> ▪ Spatial and environmental constraints (notably) in the large cities and urban areas of the Netherlands, especially in industrial estates ▪ Urban constraints at socio-economic level, concentrated in certain areas

The capacity for growth of the Dutch economy must be restored, which requires measures in a wide range of policy areas, resulting in entrepreneurship becoming more attractive in the Netherlands. Innovation and entrepreneurship – both crucial for the development of productivity and ultimately economic growth – seem to be major constraints for the Netherlands. In this respect, lack of innovation is often the consequence of lack of entrepreneurship. The quality of scientific research in

¹ 'Het Nederlandse Ondernemingsklimaat in cijfers 2006', CBS (2006).

² CPB study *Nederlands Onderzoek en Onderwijs in Internationaal Perspectief*; Een verkenning naar de kennisinvesteringquote (KIQ) en de prestaties van de kenniseconomie op hoofdlijnen (2005).

the Netherlands is good – it is in fourth position after Denmark, Finland and Sweden for the number of applications for European patents – but the research results are relatively little used. This is referred to as a ‘knowledge paradox’: the quantity of good, new technological knowledge is not used sufficiently in the production of new and improved products. Further exchange and application of knowledge and more extensive networking and clustering are therefore important for the innovativeness of the Netherlands.

Dutch R&D intensity stood at 1.89% of GDP in 2001, which put the Netherlands below the EU-15 average (see Table 2.4). One of the causes of the relatively low R&D intensity is the divergent sectoral structure of the Dutch economy with a relatively large services sector.

The level of training of the average Dutchman, the short time spent in training and the relatively large number of early school-leavers constitute a threat to the level of knowledge in the future. The cooperation between businesses on the one hand and universities and research institutions on the other, is rated below the European average.

Table 2.4: Gross domestic expenditure on R&D (as percentage of GDP)

	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	1.79	1.8	1.86	1.86	1.92	1.9	1.9	1.86
Euro area	1.77	1.79	1.84	1.85	1.87	1.88	1.88	1.86
Netherlands	2.04	1.94	2.02	1.9	1.8	1.72	1.76	1.78

Source: 2006 progress report of the Dutch National Reform Programme 2005-2008 (2006)

The declining presence of sufficient risk-bearing venture capital in recent years has put the future innovation and capacity for growth under pressure. Whereas in 2000 the Netherlands still ranked with the United Kingdom and the United States among the countries with the highest invested venture capital expressed as a percentage of GDP, in 2003 the Netherlands fell to a position close to the EU-15 average and this falling trend continued in 2004.

In the Netherlands, the total expenditure on ICT as a percentage of GDP is high compared to the other European countries. In 2006, the number of broadband connections as a percentage of the population is even the highest in Europe.

Spatial development

The spatial constraints on economic growth are located mainly in the big cities and urban areas of the Netherlands, where highly productive economic activities take place and advantages of conurbations can be exploited. The attractiveness of the Dutch economy for internationally operating firms depends on the extent to which these firms can avail themselves of the advantages of conurbations, they gain access to international transport networks and there is an adequate supply of attractive business locations in which to establish.

Urbanisation is already in clusters and the extent to which it occurs remains stable. Urban centres are used more intensively. Compression is already practised in the existing urban area. Out-of-town building often occurs on the outskirts of the town or in clusters further away. Most growth is to be found in the Randstad. The relatively strong growth of Almere makes a distinct contribution to this.

Urban development and the relationship to soil, noise and air quality

Urban developments are at odds with the policy objectives for air quality – nitrogen dioxide and fine dust – and noise levels in the towns. The basic quality is developing along the same lines as the policy objectives strived for, although the rate of improvement is too slow. However, constraints continue to exist: the European standards are often exceeded as a result of road traffic, especially in the Randstad. As far as the air quality and noise level targets are concerned, the rate of improvement must be accelerated to be able to meet the standards. Soil problems arising from pollution in the past have to be dealt with. On industrial sites, a combination of environmental pollution and economic obsolescence is of importance. 21 000 hectares are in need of restructuring.

Balance between green and red in and around cities

The quality of our surroundings is important for our competitive position in Europe and for the functioning of our society. Within the city, the built-up areas are growing faster than the green areas. Outside the city, creating recreational green areas is stagnating in relation to the terms of reference (Natuurbalans, 2004). The necessary quantity of green within the urban area indicated as policy in the Spatial Policy Document has not been achieved. The policy target indicated is 75 m² green per dwelling, based on the recreational function of green. In West Netherlands, however, only 50 m² per dwelling is available. There is every reason to assume that it will not be possible to maintain the present 50 m² per dwelling. At the same time, the target of the Spatial Policy Document seems to underestimate the real requirement because neither the ageing of the population nor the functions of green for liveability, health, economy and nature are taken into account. An estimated minimum of 2888 hectares of green within the city and a further 48 000 hectares of green around the city are needed.

In addition to the presence of sufficient green in and around the city, its diversity is also important for the functioning of the centres. Despite the spreading out of the housing stock which is occurring in a number of cities, cities have not become more attractive in recent years to the higher and middle-income groups. Public transport is discarded in favour of the car: the quality of access to homes, establishments and jobs by car is improving slightly, whereas that by public transport is declining. The same applies for the use of locations which are easily accessible by car or public transport. The outward appearance of the countryside is changing, partly on account of the increased importance of housing, recreation, non-agricultural activity and industrial forms of agriculture.

Landscape and biodiversity

In contrast to many other countries, the Netherlands does not possess remote rural areas which are still primarily dependent on agriculture. The Dutch countryside is not self-contained, but the town-countryside relationship is pivotal. An attractive living and working environment in the Netherlands depends not only on urban development, but equally on the surrounding countryside, where expansion and new economic activities are taking place. Opening up the countryside via development planning consequently offers a major opportunity.

A strong decisive factor for the identity of the Netherlands, especially for inland tourism and recreation, is the great variety of nature and landscape. In the Netherlands, the pressure on nature through loss of habitat, changes in land use, environmental pressure and fragmentation is greater than average in the EU. Nevertheless, the acreage of nature remained more or less the same between 1990 and 2000, partly thanks to the government's specific natural development policy. In particular, the area of woodland has increased, although many varieties are declining as a result of the pressure factors mentioned.

Flooding risk assessment

The Netherlands is characterised by the presence of a great deal of water, mainly coming from our neighbouring countries. From the points of view of safety and flood protection, the flooding risk assessment is a matter of urgency. In 2001, half the primary flood defences definitely satisfied the legal standards. The Netherlands has become distinctly more vulnerable to flooding in recent years. Climate changes will increase this vulnerability further in the years to come. More space is needed for water to prevent flooding in the future. This is designed to regulate the irregular water supply because despite the threat of flooding, a great deal of nature has to contend with water depletion phenomena. The Netherlands relies heavily on other countries in this field, notably with regard to the rivers.

2.2 Analysis of the Dutch regions

2.2.1 Overview

The Dutch economy is characterised by slight regional differences in economic performance.³ The regional differential for gross domestic product (GDP) per capita is among the narrowest in Europe. The regional unemployment differential is even the very narrowest in the EU (see Table 2.5).

Table 2.5: Regional unemployment differential in the Netherlands and the EU
(Coefficient of variation in the percentage unemployment between regions (NUTS 2 level) within countries)

	2000	2001	2002	2003	2004
EU-25	13.4	13.5	13.3	12.9	12.2
Euro area	12.9	12.7	12.1	11.5	10.5
Netherlands	2.2	2.2	2.2	2.3	2.3

Source: 2006 progress report of the Dutch National Reform Programme 2005-2008 (2006)

The range of GDP per capita has increased slightly, but this phenomenon is occurring in other countries too. The general picture is that in the countries with the highest national growth, the regional differentials in GDP per capita are increasing, whilst in countries with lower growth, the regional income differentials are static or decreasing. The widening interregional differentials are attributable primarily to the strong growth of regions which were already prosperous in relative terms, such as London, Stockholm, Helsinki and Lisbon. In the Netherlands, this applies particularly to the Amsterdam region.

Table 2.6: Indicators of regional competitive position (2003)

	GRP per inhabitant (in 1000 EUR)	Labour force participation (percentage working of total 15-64 age group)	Unemployment (as percentage of labour force)	Total R&D expenditure (as percentage of GDP)	R&D expenditure of firms (as percentage of GDP)
EU-25	21.8	62.9	9.1	1.92	1.23
Euro area / EU-15	23.5 ¹	62.6 ¹	8.1 ²	1.97	1.27
Netherlands	29.4	74.1	3.7	1.76	1.01
North	27.3	71.9	4.3	1.16	0.60
East	25.0	74.6	3.3	1.85	0.85
South	28.3	81.4	3.5	2.32	1.99
West	32.2	71.1	3.8	1.59	0.69

1 = Euro area; 2 = EU-15

Source: NHP (2005), Eurostat (2006)

³ See final report of the interdepartmental working group Interministerial Policy Review (IBO) regional policy (2003).

In absolute terms, all Dutch regions score well in the European Union. Even the regions which are lagging slightly behind the rest of the Netherlands are in the European Union 'second division'. In terms of participation and unemployment, the scores of all Dutch provinces put them among the best 25% of the regions in the EU-15.⁴ Table 2.6 provides an overview of gross regional product (GRP), labour force participation, unemployment and R&D expenditure of firms.

Large cities

In the large cities, and especially in Amsterdam, Rotterdam, The Hague and Utrecht (the G4), there is concentration of high unemployment, social problems and a low average level of training. The stagnating economic growth resulted in rising unemployment in the large cities from 2002 to 2004. From 2005, it appears to be tailing off again. Table 2.7 shows the number of unemployed job-seekers.

Table 2.7 Trend in proportion of unemployed job-seekers in the labour force

	2002	2003	2004	2005
Netherlands	6.6%	7.4%	9.4%	9.4%
G4	12.8%	13.0%	15.1%	14.6%
G30	10.2%	11.0%	13.0%	13.1%

Source: Large cities policy yearbook (2004)

Table 2.8 shows that the proportion of households in the large cities belonging to the middle and higher income groups is well below the Dutch average, but is rising. On the other hand, the cities are a source of modernisation and have rapidly growing sectors, such as the creative sector. In the period 2000-2004, employment on average grew more rapidly in the cities than at national level (0.6% compared to 0.4% nationally). In 2004, the trend in the G30 was equal to that of the Netherlands.

In the period 1997-2004, growth in the number of business establishments was higher in the cities than in the Netherlands as a whole, but in 2004/2005 this situation was reversed. The number of business start-ups in the G30 in 2000-2004 rose slightly, whereas it is falling nationally. The cities as a whole have become more attractive to their inhabitants: the percentage of owner-occupied dwellings has risen sharply, house prices have risen faster than in the rest of the Netherlands and the income position of households has improved slightly.

Table 2.8: Proportion of households belonging to the middle and higher income groups

	1998	2000	2002
Netherlands	60.0%	60.0%	60.0%
G4	45.8%	46.8%	47.7%
G30	50.2%	50.3%	50.9%

Source: Large cities policy yearbook (2004)

A large number of cities have caught up arrears in respect of policy areas such as accessibility and business climate. On average, the rating of the business climate by entrepreneurs has remained stable to a slight rise. The assessment of physical liveability in the cities has risen in recent years. The districts for special attention have done better in a number of fields, as shown by the higher house prices and the declining number of social assistance benefit payments. The unemployment situation deteriorated in most districts for special attention in the period 2000-2004.

⁴ European Commission, 3rd cohesion report.

2.2.2 Analysis of South Netherlands

Within South Netherlands, a distinction can be made with regard to economic structure between South-West and South-East Netherlands. The strong process industry, logistics and tourism are characteristic of South-West Netherlands. South Netherlands is strong in state-of-the-art technology, know-how and R&D and associated services in the fields of high-tech systems and materials, food & nutrition and medical technology and life science.

It is the ambition of South Netherlands to develop further as an innovative, knowledge-intensive and state-of-the-art technology region. However, the present strong knowledge basis and high R&D investments have not yet yielded results in terms of stronger economic growth and employment. The gross regional product of South Netherlands is trailing behind the national average despite above average investment in R&D. Private R&D is buoyant, but a great deal still has to be achieved in translating this knowledge into economic growth and employment.

A major opportunity for South Netherlands is the creation of favourable conditions for businesses to establish and an attractive housing and living environment for knowledge workers. South Netherlands has a sound basis for this. The scale of the urban networks in South Netherlands is large enough to offer a full range of urban facilities, whereas the cities have fewer problems of space to contend with than the larger cities elsewhere.

In South Netherlands, there are many attractive, varied landscapes to be found, from the coast to Groene Woud to the hills of Limburg. The strategic location of South Netherlands in North-West Europe is also attractive for these knowledge workers. There is a risk of the balance being upset between economy and ecology. With regard to the labour market, there is a mismatch between supply and demand and an impending shortage of well-trained technical personnel. Moreover, there is relatively little interest in entrepreneurship in South Netherlands.

Finally, it is striking that the big cities in South Netherlands have to cope with a certain dichotomy: a flourishing economy, on the one hand, and a population which is relatively more frequently dependent on benefits, on the other. The opportunities of the cities, for example in the field of urban and district economy, surroundings for creative quality and the creation of top environments, must be seized with both hands.

2.2.3 Analysis of East Netherlands

East Netherlands offers an attractive living and working environment with ample green areas which attract many national tourists. These green surroundings in which to live and the quality of the environment are under pressure, however. Availability of space makes East Netherlands increasingly attractive as an establishment location for institutions and firms as an alternative to the Randstad, which is plagued by lack of space and congestion. There is however a sizeable brownfield redevelopment task.

The specialised knowledge institutions in the sectors of food (University of Wageningen), health and technology are focal points for economic clusters, in which business community and knowledge institutions frequently cooperate. A major opportunity therefore lies in extending the Valley concept: cluster development in various fields of knowledge and the establishment of structural cooperation associations. So far, the knowledge gained has been converted too little into innovative products. Further opportunities lie in knowledge-intensive industry, services and the leisure sector.

In recent years, there has been a significant increase in R&D expenditure in East Netherlands, i.e. one third of the total growth in the Netherlands, and the climate has been favourable for start-ups in industrial technology. However, there has been a relatively low proportion of private R&D investment.

East Netherlands has a positive labour market balance: there are more jobs than employed labour force. In the city triangle, there is an insufficient supply of higher education, whereas large low income groups are to be found, notably in Arnhem, Nijmegen and Enschede. The proportion of older people in the population is above average in the city triangle and in the countryside.

2.2.4 Analysis of West Netherlands

West Netherlands is characterised by a strong concentration of conglomerations with open and green areas where a relatively young and highly trained labour force works in strong international clusters. There is a large supply of business parks and office locations, with Amsterdam southern axis as international top location for offices. On the outskirts of these conglomerations, there is still sufficient available space in Flevoland and the northern part of North Holland. Further development of the already strong international clusters and the advent of creative industry can make an important contribution to the further economic growth of West Netherlands.

Although there are many high-quality universities and knowledge institutions in West Netherlands, private investments in R&D are low. Improvement of the exchange of knowledge and cooperation between businesses and knowledge institutions is necessary to capitalise on new opportunities for West Netherlands.

The quality and versatility of business parks and office locations do not meet the requirements of the modern era and there is an insufficient supply of housing on the market for starters and the higher income groups. The latter is necessary to retain the highly trained in West Netherlands. Not only social liveability, but also the attractiveness of the landscape, biodiversity and air and soil quality are under pressure. In addition, there is the risk of flooding and inundation which has become greater as a result of the climate change.

Within West Netherlands, on the one hand the G4 in particular have great economic potential available and there is talk of a concentration of commercial activities, knowledge institutions and big city amenities. The rating of the business climate by firms rose during the period 2002-2005. On the other hand, the big cities are experiencing relatively serious social problems. In the four big cities in particular, there are a large number of early school-leavers and a large group of early drop-outs. The percentage of social assistance beneficiaries is relatively high in the G4. In 2005, Rotterdam and Amsterdam, at over 8%, have with a high proportion of social assistance beneficiaries in the potential labour force. Such a dichotomy places the social liveability and safety in the cities under pressure.

2.2.5 Analysis of North Netherlands

North Netherlands is characterised by a varied landscape with a substantial natural and cultural history heritage and limited urbanisation in one national and a few regional urban networks. Although the limited urbanisation is disadvantageous to the dynamics of the economy, employment followed a more favourable trend here than the average for the Netherlands. This results from an increase in the number of business establishments, including start-ups, among other factors. It is true that unemployment in North Netherlands is higher than the Dutch average. The level of training of the

labour force is relatively lower and North Netherlands has a relatively low labour force participation rate, although the latter rose more sharply in North Netherlands than in the rest of the country, notably among women.

In North Netherlands, there are a number of economic spearheads and key areas, such as Energy Valley, Astron/Lofar and water technology with (inter)national potential and growth prospects. Strengths of the northern business climate include the good opening up and accessibility, large distribution of business locations, low housing and land prices and the good quality of air and water, as well as landscape and nature. The downside, however, is the relatively greater distance to the other economic core areas in the Netherlands and the slower economic dynamics mentioned.

2.3 Summary

Table 2.8: The competitive position of the Netherlands: a summary

<p><i>Strengths</i></p> <ul style="list-style-type: none"> ▪ Well-trained labour force on average ▪ High labour productivity (per hour) ▪ Longstanding good business climate ▪ High labour force participation rate ▪ Low regional welfare differentials 	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> ▪ Low growth in labour productivity per hour ▪ Lack of translation of knowledge gained into new products and services ▪ Bad positions for lower-skilled, relatively large number of early school-leavers ▪ Many part-time workers ▪ Relatively low private R&D investments, little venture capital
<p><i>Opportunities</i></p> <ul style="list-style-type: none"> ▪ Growth in highly-trained work ▪ Internationalisation/technological development ▪ Integral spatial development (reinforcement of town-countryside relationship) 	<p><i>Threats</i></p> <ul style="list-style-type: none"> ▪ Labour migration (increase in low-skilled workers) ▪ Ageing/dejuvenation ▪ Imbalance between building and biodiversity and green amenities ▪ Shortage of highly-trained personnel ▪ Spatial and environmental constraints in cities and urban areas. ▪ Socio-economic problems in the cities

3 Strategy

3.1 Introduction

This chapter describes the strategy and objectives for the commitment of the structural funds in the Netherlands. As indicated in Chapter 1, an important starting point is that the structural funds are committed so as to intensify the existing policy efforts. No new policy is devised for the implementation of the structural funds. In addition, the structural fund programmes must dovetail with the Community Strategic Guidelines and the National Reform Programme. For this reason, the next section first describes the policy framework for the commitment of the structural funds. This refers to the national policy framework. The regional policy frameworks are of course also important for the operational ERDF programmes.

3.2 Policy framework

National Reform Programme

Fundamentally, the Netherlands is faced with the same challenge as the European Union as a whole: greater labour force participation and higher labour productivity growth. These challenges assume particular urgency given the rapidly approaching ageing in Europe and globalisation. As far as the Netherlands is concerned, the European Commission identifies two key challenges for the Dutch economy, i.e. increasing the supply of labour and increasing capacity for innovation. The following specific challenges are formulated in the National Reform Programme:

- *Labour force participation*
The low level of participation in the Netherlands relates primarily to the number of hours worked and the low level of participation of certain groups, these being notably women, immigrants and older people. This reflects the fact that socio-economic institutions in the past discouraged working (more). The Cabinet wishes to redress this institutional imbalance by increasing the incentive to work (more).
- *Labour productivity*
The level of productivity in the Netherlands is relatively high, but the growth in labour productivity has already lagged behind that of the EU-15 average and especially that of the US for some time. In addition to constant attention to the functioning of markets and removing unnecessary barriers to entrepreneurship, there is a desire for efforts to increase the capacity for innovation of the Dutch business community and to reinforce the investments in knowledge. In the Netherlands, the share of private R&D in particular is lagging behind and the interaction between knowledge institutions and businesses leaves to be desired. Education too is receiving more attention
- *Responsible development of earnings*
The Dutch price competition position has deteriorated since 1997 as a result of a relatively sharp rise in labour costs per unit of production. The fact that in the period 1997-2004 these costs rose by 15% more in the Netherlands than in other EU Member States and that there is a prospect of only a marginal improvement in 2005 and 2006 gives cause for concern. Responsible development of earnings is an important requirement to achieve the labour force participation and labour productivity objectives.

These challenges are tackled via the generic policy in relation to innovation, entrepreneurship, training and labour market.

Community Strategic Guidelines

The European Commission set the following three priorities for structural policy:

- 'Attractive regions and cities';
- 'Innovation, entrepreneurship and knowledge economy';
- 'More and better jobs'.

The three priorities form the basis of this NSRF. The European Commission indicates that strengthening the knowledge economy is essential and that, compared to the present period, substantially more attention must be devoted to knowledge, innovation and human capital. The Cabinet is adopting this recommendation, which is particularly important for the programmes under Objective 2 Regional Competitiveness and Employment. The European Council agreed in 2005 to allocate at least 75% of the resources for this Objective to the Lisbon goals which contribute directly to economic growth and employment. This is referred to as 'earmarking'.

Specific areas for priority actions of the European Council (spring 2006)

At the European Council Summit in spring 2006, the Member States agreed to commit more to:

- investing in knowledge and innovation;
- unlocking business potential, especially of SMEs;
- increasing employment opportunities for priority categories (minorities, people with disabilities, women);
- energy policy for Europe.

Spatial Policy Document

The Spatial Policy Document contains the Cabinet's view of land-use planning for the Netherlands and describes the spatial contribution to a strong economy, a safe and supportive society and an attractive country. The Cabinet creates scope for development under the motto 'decentralised what can be, centralised what must be' and shifts the emphasis from laying down restrictions on land use to encouraging desired developments and taking opportunities. The Spatial Policy Document supports regionally oriented development in which all parties concerned can participate. The central government focuses its attention in particular on the National Spatial Network. This refers, for example, to strengthening the dynamics in the national urban networks and ensuring the quality of the Network of Protected Areas and the national landscapes.

Peaks in the Delta

The Peaks in the Delta Policy Document describes the Cabinet's regional economic policy. The key objective is to boost the competitiveness of all regions by exploiting the growth potential of these regions. Regional programmes have now been drawn up by the region in cooperation with the Ministry of Economic Affairs in East, South-East, South-West, the Northern section and the Southern section of the Randstad. The North programme is following in 2007. Project proposals can be submitted based on these programmes. Innovation and entrepreneurship form the core of the programmes. Focus and mass are important starting points. This means commitment to a limited number of sectors/technology fields. This links up with the strengths present in the region concerned.

Large Cities Policy

The large cities policy places the emphasis on the potential of 31 large cities and aims to bring about tangible results with minimum bureaucracy. In addition to the social and physical components, the large cities policy also has an economic component, consisting of the aim for economically viable cities with high quality establishment locations and good impetus for employment. The objectives of the large cities policy are the following:

- to improve objective and subjective safety;

- to improve the quality of the living environment;
- to improve the social quality of the living environment;
- to tie middle and higher income groups to the city;
- to increase economic strength of the city.

To achieve these objectives, specific results agreements were made with the cities in January 2005 for a five year period. The cities are offered financial security for this period. Agreements are laid down in covenants for measurable results for the period 2005-2009.

Mobility Policy Document

The Mobility Policy Document describes the outlines of the national transport policy for the coming decades. The starting point for the Mobility Policy Document is that mobility is a prerequisite for economic and social development. A well functioning system for passenger and goods transport, efficient connections between national urban networks and economic core areas and reliable door-to-door accessibility are essential to boost the international competitive position of the Netherlands. The aim is to allow growth in traffic and transport and to steer them in the right direction within legal and policy frameworks for the environment, safety and living environment. A key component is the improvement of reliable, predictable door-to-door accessibility. Because national, regional and local road, water and public transport networks are interdependent, a more regionally oriented approach has been opted for based on network analyses. The essential aim is to arrive at active cooperation between network managers, regional authorities, central government and others in analysing problems in the field of traffic and transport in the urban networks.

Living Countryside Agenda

This policy document describes the Cabinet's plans for the coming years for the countryside. A liveable countryside and a vigorous, sustainable agricultural sector are the central components of the policy. This means a flourishing economy, good housing conditions, a lively social structure, a well-functioning ecosystem and an attractive landscape. The Living Countryside multi-annual programme (MAP 2) provides an overview of the central government commitment of the Ministries of Agriculture, Nature and Food Quality (LNV), Housing, Spatial Planning and the Environment (VROM) and Transport and Public Works (V&W) for the countryside. The role of the various authorities changes in this respect. The central government will direct the broad lines, while decentralised authorities are given more scope in the policy implementation via the rural area investment budget. The basic principle is: decentralised what can be, centralised what must be. The demand from the region is paramount. The MAP 2 comprises the implementation of central government objectives in the rural area by means of physical establishment, the management and use of natural resources and socio-economic vitality. The emphasis here lies on the attainment of the national objectives via the regional approach. The borderline between rural and urban area is not clear-cut. National objectives such as protection of species and green in the city are achieved in both urban and rural areas.

Space for the River

The Cabinet wishes to bring flood protection up to the legally required standard by 2015 and to improve the spatial quality in the rivers area. In view of the expectation that the river discharge will increase, the choice has been made to achieve the required safety level as far as possible by taking measures which prevent the normative high water levels rising ever higher. This means that the emphasis shifts from dike improvement to widening rivers. This new approach to the safety problem creates a link with land-use planning. The choice in favour of river-widening measures offers opportunities to improve the spatial quality in the rivers area and to link up with regional and local developments. In particular, Objective 3 lends itself to measures in this field.

3.3 Objective and priorities

The key objective in the commitment of the structural funds is to boost national competitiveness.

On the basis of the economic situation in the Netherlands outlined in the previous chapter, the Cabinet considers that the challenge facing the Netherlands lies in increasing economic growth in all regions and not in reducing economic disparities between regions. This is also the line opted for by the Cabinet in the Spatial Policy Document and the Peaks in the Delta Policy Document. The Cabinet will therefore commit the structural fund expenditure to increasing the growth potential of all regions in the Netherlands. The North will receive extra support for four years to assist in the transition to a knowledge-oriented economy.

Priorities

The following priorities are set in this National Strategic Reference Framework:

1. Strengthening innovativeness and entrepreneurship;
2. Enhancing the attractiveness of regions;
3. Investing in the socio-economic vitality of the big cities;
4. Increasing the supply of labour;
5. Increasing adaptability and investing in human capital;
6. Effective cooperation with our neighbouring countries.

These priorities create a link with the first two objectives of the National Reform Programme, the Community Strategic Guidelines and the specific areas for priority actions of the European Council of spring 2006.

The priorities are developed in the following chapters. The first three priorities are to be found in the Objective 2 ERDF programmes and priorities 4 and 5 in the Objective 2 ESF programme. The final priority is to be found in combination with the other priorities in the Objective 3 programmes.

Indicators

The following chapters focus on which concrete targets are set. Preference is given to the objectives being translated into effects on economic growth, labour productivity and employment. The first two in particular are not easily quantifiable. This is not only because it is not easy to calculate these effects, but also because, in view of the scale of the assistance granted, the effect on these indicators is slight. The total support amounts to less than 0.1% of GDP. This is far less than in the new Member States, where support can amount to 4% of GDP. In that case, substantial effects are also to be expected. This means that the impact of the structural funds in the Netherlands will be measured far more in terms of output than in terms of impact on economic growth.

In this NSRF, no objectives are imposed on the programmes from above. The most important priorities for each specific region will be weighed up for the ERDF programmes. Responsibility for weighing up the priorities lies primarily in the region. The national quantitative objectives are therefore a sum of the objectives per programme. Annex 3 provides an overview of the key indicators.⁵

⁵ This Annex still has to be completed on the basis of the operational programme data.

Earmarking for Lisbon targets

As indicated above, the European Council agreed that 75% of the Objective 2 resources are allocated to Lisbon themes which contribute directly to economic growth and employment. These targets are in the fields of innovation, information society, entrepreneurship, human capital, renewable energy and 'clean urban transport'. The general Regulation contains a list of categories which contribute to this (see Annex 2).

In the period 2000-2006, the Netherlands is committing considerably less to the Lisbon themes. Provisional figures show that about 53% of the resources are drawn down for the earmarked categories. For the ERDF, the percentage stands at only 33%, for the ESF at 65%. It must be pointed out in this respect that the present and new periods are not comparable one for one because the categories have changed and the prioritisation was different. However, the conclusion is clear that the Netherlands must and wishes to make a considerable extra effort to attain the objective.

The Netherlands aims to fulfil this agreement by committing at least 90% of the Objective 2 ESF programme resources and at least 60% of the Objective 2 ERDF resources to the earmarked categories. This latter 60% target applies for all four regional programmes. When drawing up the programmes, it must be made clear how this target is to be met. In the Objective 2 ERDF programmes, at least 45% of the resources are to be committed to the priority 'innovation, entrepreneurship and knowledge economy'. The effort must be made to allocate more than 50% of the resources for this priority. The regions can themselves determine how they wish to attain the rest of the 60% target. This is possible either via greater commitment to the priority of innovation or via the other earmarked categories. Annex 2 shows how the various programmes are expected to score with regard to the earmarked categories.

Horizontal aspects

When drawing up and implementing the structural fund programmes, a number of horizontal aspects must be taken into account, i.e. sustainable development, equal treatment of men and women and accessibility of locations to disabled people. These aspects are considered in two ways. Firstly, specific attention can be paid to these aspects. This is dealt with below. In addition, these aspects are general points for attention in the programmes. These aspects will have to be considered in the benchmarks for project selection in the various programmes.

In the ESF programme, one of the priorities is to encourage workforce participation of job-seekers who are lagging behind on the labour market. The entry of more women to the labour market and the training of women in sectors in which they are underrepresented or in not traditionally women's professions will be given extra encouragement. This is explained further in chapter 5.

The Cabinet is striving for sustainable economic growth. The structural funds can contribute to sustainable development in a number of ways. Firstly, in the ERDF programmes, economic development is linked to the development of the living environment. As far as the sustainability aspect is concerned, programmes must contribute as much as possible to sustainable projects under an integral approach (see section 3.4). In addition, attention is paid to the supply of renewable energy and, in the context of fostering innovation and entrepreneurship, specific attention is paid to the theme of environmental innovations.

3.4 Focus & integral approach

The various programmes and priorities must as far as possible be mutually reinforcing. Investment in innovation and entrepreneurship must be accompanied by investment in training and investment in an attractive living and working environment. Investment in the spatial quality of regions which are lagging behind must be accompanied by investment in integration, safety and training and reinforcement of the economic structure.

The effectiveness of the commitment of the structural funds is enhanced by opting for an integral approach. This can be achieved at various levels. Operational programmes can be geared to one another. This applies for the regional ERDF programmes and the national ESF programme within Objective 2, as well as for the Objective 2 programmes and the international Objective 3 programmes. The former is possible, for example, by submitting projects for the ESF programme as a programme following on from the ERDF programme. Good coordination between the parties involved at national and regional levels is an important requirement for this.

Within programmes, the policy areas and areas for special attention can be the subject of an integral approach, for example by coupling measures in the field of innovation and knowledge with investments in the quality of the living and working environment and investments in staff training. For the latter, use can be made of the flexibility existing within the programmes covered by Objective 2 to commit ERDF resources for the ESF policy areas and vice versa.⁶ Finally, an integral approach can be opted for at project level too, for example by coupling investment in business locations with ecological investment.

Another way of enhancing the effectiveness is to introduce a focus in the programmes. In view of the Cabinet's choice to boost competitiveness in all regions, this focus must be sought mainly within the programmes. The Cabinet makes this choice by indicating in this NSRF which policy areas take priority and which policy areas are paid less or no attention. The authors of the operational programmes are asked, when drawing up the programmes, to sharpen this focus further by committing to the most relevant and urgent policy areas for the region concerned. The number of policy areas and measures must therefore remain as limited as possible. In addition to the choice of specific policy areas, a focus on technological fields is also desired. For physical investments, a spatial focus on a select number of areas is desirable. At project level, it is possible to achieve more mass and greater effectiveness by submitting larger projects. Although it does not apply for all programmes and project types, in general a more concentrated commitment of resources is desirable. This is developed in more detail in the following chapters.

3.5 Territorial priorities

Territorial dimension

Boosting the regional competitiveness of cities and regions comprises an important territorial dimension. The attractiveness of cities and regions depends on their territorial capital, consisting of geographical position, accessibility, size, economic production, natural resources, quality of the living environment, climate and social and cultural traditions. In addition, reallocation of economic activities

⁶ This flexibility is subject to the condition that these measures are necessary for the due implementation of the concrete measure and are directly related to it. A separate ESF priority within the regional ERDF programmes is not authorised.

leads to territorial competition. Cities and regions compete for new economic activities, foreign investment and tourists, inter alia. Cooperation between cities and regions to strengthen their territorial capital is essential in this respect for sustainable economic development. In particular, the spatial aspect of sustainability, i.e. preventing the transfer of less positive aspects to another location, can be given positive impetus through cooperation.

There are two major policy lines to territorial cohesion: firstly, it is a matter of ensuring consistency of use of space under the EU policy for the various sectors, such as agriculture, nature and/or infrastructure policy; secondly, it is a matter of encouraging favourable developments in and beyond the various regions. Objective 3 European territorial cooperation is seen as the financial instrument of the EU, which promotes favourable cross-border developments.

Cities

The big cities play an important role in the economy because of the concentration of economic activities, knowledge institutions and people. Cities are a source of modernisation and offer the cultural living and working environment in which ever more internationally operating businesses thrive. However, the city is not a closed unit. Increasingly often, cities form a hub in international, national and regional networks. Through suburbanisation, ever more businesses and people have moved towards or over the city boundaries. Distances where businesses and people operate are becoming ever greater. This means that nowadays it is rare that opportunities can be taken and constraints tackled by one city alone. Cooperation with other cities, provinces, business community and knowledge institutions within and outside the city is essential to tap the potential of this city and region to the full.

Although action by the cities must therefore primarily be in the regional context, there are also typically urban tasks, such as, for example, improvement of the accessibility of inner cities, restoration of the urban establishment environment, for example through the development of run-down areas zoned for economic activities and public areas, green spaces in the city, investment in cultural heritage and cultural amenities, the (re)development of centre functions, for example around high-speed line locations, and boosting the district and neighbourhood economy.

On the other hand, the cities are not only a source of economic growth and modernisation, they are also often the place where socio-economic problems are prevalent. This is certainly true in the largest cities. This is expressed in unemployment, social exclusion, poverty and degradation. Many of these problems are concentrated at district level. Here targeted measures are necessary in the field of education, district economy, safety, liveability and integration. These are measures which can be financed partly from the ERDF and partly from the ESF. To be able to implement integral projects, use can be made of the flexibility offered by the regulations in the field of financing ESF themes under the ERDF programmes and vice versa.⁷

Within the regional programmes, a separate priority can be included for these tasks. The intention is for this priority to focus on the cities covered by the large cities policy. An exception is made for Almere. This also applies to Apeldoorn if the other cities covered by the large cities policy in the operational programme agree to this (and also to the financial implications). The Cabinet will also assess possible proposals by the region to involve for example Ede and Assen too in the urban priority in the light of the desired concentration of the resources. The above means that an important role is

⁷ See footnote 5.

ascribed to the large cities in drawing up and implementing structural fund programmes. This role will have to be fleshed out within the context of regional programmes where the ERDF is concerned and the national programme for the ESF. In view of the specific nature of the four largest cities (the G4), within the ERDF programme for West Netherlands, part of the programme will be carried out by the G4 via sub-delegation. The further construction of the West programme focuses on close cooperation between cities and provinces.

To sum up, the cities play a predominant role, designated as the 'urban flag' by the European Commission, in the following manner:

- the cities are full partners in drawing up and implementing regional programmes;
- a priority for the inner city tasks can be included in the programmes for the cities covered by the large cities policy;
- the G4 are assigned responsibility for part of the programme under the programme for West Netherlands via sub-delegation.

Rural areas

In contrast to many other countries, the Netherlands does not possess remote rural areas which are still primarily dependent on agriculture. The Dutch countryside is not self-contained, but the town-countryside relationship is pivotal. An attractive living and working environment in the Netherlands depends not only on urban development, but equally on the surrounding countryside, where expansion and new economic activities are taking place. Opening up the countryside via development planning consequently plays a key role in the Spatial Policy Document and the Living Countryside Agenda.

The commitment to rural areas has been incorporated into the general areas for special attention in the ERDF Regulation. This fits in well with the Netherlands' commitment to the countryside. Investment in rural areas must consequently link up to the general commitment with regard to the priorities. The function of rural areas is on the one hand spatial, with the natural environment being an important factor in the living and working environment. On the other hand, specific sectors are linked to the countryside, such as agribusiness.

Within the Objective 2 ERDF programmes, this includes measures focusing on the accessibility of green areas, such as through infrastructure for biodiversity and investments in Natura 2000 sites which contribute to the economic diversification of rural areas. The protection and improvement of natural heritage to strengthen socio-economic development and the promotion of ecological features as potential for development of sustainable tourism are a general ERDF priority which ties in well with this. The spatial focus, referred to in section 3.4 and developed in chapter 4, also applies for these investments in the countryside

For the priority innovation, entrepreneurship and knowledge economy, this means that opening up the countryside gives rise to new economic opportunities in rural areas, for example in agribusiness and 'Greenports'. For the priority innovation, it is not so important whether a business is established in a town or in the countryside, it is a matter of whether businesses are innovative. Consequently, the focus here lies on the policy areas and sectors, not on where a business locates. Businesses in rural areas can therefore also make use of the structural fund programmes, if they operate in the fields which the region has defined as spearheads in the innovation policy. The aim is therefore precisely not for separate measures for innovation in the countryside.

Demarcation between structural funds, RDP and Fisheries Fund

In respect of the demarcation between the rural development programme (RDP) and the structural fund programmes, the line is followed that projects, such as investments in green and blue, Natura 2000 and tourism and recreation, which on the basis of the regulations cannot be financed from the RDP, can be included in the structural fund programmes.

In general, the RDP will focus on the local level and support investments in the liveability and infrastructure of small nuclei and firms, whereas the structural funds will be committed to investments on a larger, regional scale which contribute to the regional competitiveness. As regards boosting the competitiveness of agriculture, the Netherlands will basically focus the RDP on individual farmers and on relatively small-scale projects. The commitment of the structural funds is oriented more towards large-scale projects and investments which mainly affect groups of holdings or more complex cooperative associations, especially with a prominent role of parties other than primary agricultural holdings, such as the development of Greenports and Foodvalley.

The content of the regional structural fund programmes and the national RDP-2 will be decisive for possible overlap and therefore for the precise demarcation. A more detailed demarcation between the rural development fund and the structural funds will be worked out together with the provinces and cities for each programme.

The European Fisheries Fund (EFF) and the ERDF/ESF have few points of contact on account of the clearly diverging objectives and target groups, with the exception of the aquaculture sector. It will not be possible to co-finance projects and measures relating from the conversion from agriculture to aquaculture from the EAFRD or ERDF/ESF; they come under the EFF. If innovative developments in the chain are under consideration, there is a possibility that a combination is formed between aquaculture and other economic activities. In that case, the main aim of the project concerned will be decisive and it will be guaranteed that aquaculture projects which receive support from the ERDF/ESF may not be at variance with the conditions of the EFF.

4 Objective 2 Competitiveness (ERDF)

4.1 Introduction

In the Netherlands, there are four Objective 2 ERDF programmes, through which, unlike in the present period, nationwide commitment of the structural funds is possible. The objective of these programmes is to boost regional competitiveness. The following priority axes apply for these programmes:

1. Innovation, entrepreneurship and knowledge economy;
2. Attractive regions;
3. Attractive cities.

The first two priority axes must be included in each programme. The urban priority is preferable, but is not mandatory. This depends on the regional choices made.

The content and financial focus lies on the first axis. The competitiveness of a region is, however, inextricably linked to the economic, social and spatial quality of the living and working environment. Commitment to the priorities must therefore be as integrated as possible.

4.2 Innovation, entrepreneurship and knowledge economy

4.2.1 Objective

The SWOT analysis shows that the proportion of private R&D is lagging behind in the Netherlands. Furthermore, the interaction between knowledge institutions and the business community leaves to be desired and the number of business start-ups is trailing, one of the results of which is that the existing knowledge is marketed too little. The structural fund programmes are eminently suited both to improving the conditions in the field of innovation and entrepreneurship and to encouraging investment in research and development and the establishment and growth of innovative businesses.

The following objectives apply for this priority:

- increase in private investment in R&D;
- better utilisation of public knowledge by the business community;
- more innovative business start-ups and specifically more start-ups from knowledge institutions;
- better knowledge infrastructure.

4.2.2 Approach

In the Netherlands, various approaches are used to improve the innovation climate. The central government has many generic instruments in the field of research, innovation and entrepreneurship. Via the Cabinet's key area approach and the enrichment of the financial instruments of the Ministry of Economic Affairs, more focus is given to this policy and a programmatic approach is deployed. Alongside the generic instruments, regionally-oriented programmes are drawn up by the regions in cooperation with the Ministry of Economic Affairs under Peaks in the Delta. The central government is also represented in the regions via Syntens and the regional development companies. In addition to central government policy, the decentralised authorities themselves invest to an ever greater extent in innovation and entrepreneurship.

The structural fund programmes are primarily shaped on a regional scale. By linking up with the programmes under Peaks in the Delta, still more focus and critical mass can be achieved. Regions and cities must ensure that the activities link up with existing strengths/qualities in the region. This does not mean that everything must fit into existing activities/businesses. Innovation is ultimately a matter of renewal. The sectors/policy areas on which the regions are focusing must be clearly indicated in the programmes, so it is not a spatial, but a thematic focus which is of prime importance for this priority. This means investment in innovation and entrepreneurship in rural areas, such as structural improvement areas, is also among the possibilities, on condition of linking up with the regional innovation agenda. Ultimately, a large part of the resources will be concentrated in the economic core areas.

The structural fund programmes can have a broader range, however. Firstly, activities can be carried out which are not included in the regional programmes, but do link up with the generic and programmatic innovation policy. Each region must examine the extent to which the profile of the region links up with the key areas. The regions must not all wish to devote attention to all key areas. In addition, regionally specific sectors, which are outside the national key areas, can also be considered. Agribusiness is one of the relevant sectors, which comes under the key areas of both 'Food and Flowers' and 'Life Sciences and Health'. As indicated, a thematic and not a spatial focus is the most important. However, care must be taken that the programmes do not run counter to the aim of the Cabinet and the innovation platform to bring more thematic focus to the innovation policy.

Connection with other priorities and programmes

The programmes become stronger when good connections are established between the priorities within programmes and between programmes. Activities from the priority can be linked to activities from the priority attractive cities and regions, where an attractive establishment and living environment can be created for internationally competing and knowledge-intensive businesses and their employees. Training courses can be financed from the ESF which link up with the regional innovation agenda.

The policy area of knowledge and innovation will also crop up in a number of programmes under Objective 3. This involves, inter alia, the cooperation between the Netherlands, North Rhine-Westphalia and Flanders, for example in the Eindhoven-Leuven-Aachen knowledge triangle, for which declarations of intent have been signed. The programmes for Objectives 2 and 3 can therefore be mutually reinforcing.

Connection with the 7th Framework Programme and CIP

Innovation policy has so far been carried out notably at national and regional levels. However, added value can be created at Community level because innovation is becoming an increasingly global phenomenon. The European Commission consequently encourages strengthening the innovativeness of the European Union through other channels. Via the 7th Framework Programme, investments are concentrated mainly on top research at European level, with cooperation between institutions and businesses in different countries being obligatory. There are also measures in the 7th Framework Programme which focus on development of the knowledge infrastructure and development of knowledge regions. At this level, the structural fund programmes are complementary. Just as in the case of national policy, the challenge here is to enable the activities to be mutually reinforcing. When drawing up the programmes, attention must be paid to this. Use can be made in the process of the experience gained from the knowledge regions under the 6th Framework programme, research agendas of cooperating authorities and industry and by seeking links with the priority themes in the 7th Framework Programme, in so far as these are relevant for the region. This can be achieved via so-

called ERA-NET schemes, in which authorities coordinate research activities on a European scale and the European Technology Platforms. Apart from at programme level, attention can be paid at project level to the relationship between the two instruments. It should be noted that the framework programme is implemented in a different way.

The Competitiveness and Innovation Framework Programme (CIP) focuses on measures, such as for example the financing of project proposals, where SMEs are the target group directly or indirectly. As regards innovation, the CIP focuses primarily on the dissemination and application of existing knowledge. Moreover, for both the CIP and the structural funds, there are possibilities as regards SMEs to make use of the European Investment Bank (EIB) and the European Investment Fund (EIF). The CIP increases the accessibility of venture capital and guarantees for SMEs. This occurs through Community participation in funds and a contribution to cash resources for the BBMKB (guarantee scheme).

Cooperation with regions in other countries

To be able to boost the exchange of knowledge and experience of partners throughout the European Union, the programme authors can keep a small budget available for interregional cooperation.

Innovative measures

During the present period, most of the provinces have taken part in 'innovative measures'. In this context, regional innovation strategies have been developed, inter alia. This knowledge can be used in the new programmes. How this can be fleshed out in practice is examined in consultation with the managing authorities of the operational programmes.

4.2.3 Policy areas

Research and technological development

An important point for special attention in the Netherlands is the marketing of the knowledge present at universities and other knowledge institutions. Whereas the 7th Framework Programme and the national innovation programmes are mainly suited to supporting research activities, the structural fund programmes can be committed chiefly to connecting the business community, and especially SMEs, to the available knowledge. To this end, support can be provided for poles of excellence already in existence or being established. Various activities can be developed to enable SMEs to make use of the available knowledge, which can be linked up with the activities of the regional development companies and Syntens. It is also possible to hook up to the innovation vouchers which businesses can use to buy in knowledge from knowledge institutions. Furthermore, the feasibility of adopting a cross-border approach to this is now also being explored. It is also possible to invest in research infrastructure.

Innovation and entrepreneurship

Where the development of knowledge can be considered as 'sowing', it must lead through the channels of innovation and entrepreneurship to 'reaping'. This is a point on which the Netherlands does not score well. Investment in innovation is therefore a top priority.

Cooperation between businesses can be encouraged by granting aid to clustering. Businesses can be brought together in developing clusters. There are opportunities to exchange knowledge and arrive at new innovations especially at the borderline between sectors/fields of technology, for example between nanotechnology and food. Clusters can be formed around large firms, with spin-offs

generated from these large firms or knowledge institutions. A condition for this is an open innovation system, in which businesses consider each other not only as competitors, but also as partners. Small and young enterprises can be supported via 'incubators', inter alia.

Spin-offs from universities and knowledge institutions via new businesses must commercialise existing knowledge. Activities can be directed towards dealing more commercially with patents and granting aid for the start-up of businesses on the basis of the existing knowledge. The Technical Partner Programme of the Ministry of Economic Affairs supports these activities through the Knowledge Exploitation subsidy programme (subsidieprogramma KennisExploitatie – SKE). Furthermore, SMEs can be involved through public authorities subcontracting research to them. In 2005, the Ministry of Economic Affairs, as well as the Netherlands Organisation for Applied Scientific Research (TNO), launched a pilot project to examine whether the SBIR instrument existing in the United States can also be introduced in the Netherlands (SBIR stands for Small Business Innovation Research Program). In 2006, the Ministries of V&W, LNV and Defence are also setting up SBIR pilot projects. If these pilot projects are successful, pilot projects could be carried out by the decentralised authorities in the structural fund programmes.

Specific attention can be paid to the policy area of eco-efficient and environmental technology innovation, for example in the context of projects such as 'Energyvalley'. The policy area also links up with the key area 'Sustainable Energy Management'.

Financing

Start-ups and growing businesses often have difficulties in attracting sufficient capital, partly because large financial institutions such as banks and investment funds steer clear of this market segment. Structural funds can be committed for various forms of financial instruments, such as loans, guarantees and venture capital. In addition, a link is desired to existing and developing initiatives of specialised suppliers in this field. There are public authority initiatives from the regional development companies, the Technical Partner Programme, the BBMKB guarantee scheme and the 'growth facility', a financial instrument for growing businesses which comes into effect in 2006. Activities can also be developed to bring together (potential) starters and financiers. This is being carried out at the moment inter alia under the 'business angels' initiative, with the meetings being organised mainly at regional level. The question of whether to continue this initiative is being examined in 2006.

Furthermore, at present all kinds of initiatives are under way in the field of micro-loans, with strong regional components. Finally, it appears that many businesses have insufficient knowledge in the field of funding. For this reason, proposals are being drawn up for generally regional information on financing in general and government instruments in particular.

Information society

Under the policy area information society, efforts can be focused especially on the development of ICT services and use of ICT. When developing ICT services, regions must where possible link up with developments in other regions. The national policy objective in this field is precisely to 'roll out' regional initiatives at national level. The structural funds can also be committed to improving the provision of electronic services by provinces and municipalities.

The installation of ICT infrastructure is not a policy area to be included in the structural fund programmes because this is a task for the market. However, initiatives in the field of aggregating demand are eligible for aid. The basic principle in each case is that the policy is 'technology-neutral', i.e. that the choice is not made between cable and glass fibre, for example.

4.3 Attractive regions

4.3.1 Objective

The SWOT analysis shows that the Netherlands has to contend especially with the consequences of the high population density. This is expressed in congestion and environmental and spatial pressure. On the other hand, the quality of the living and working environment is becoming an ever more important factor for competitiveness. The structural fund programmes are therefore committed to investing in the living and working climate. The following conditions apply here: projects must have economic added value, be sustainable and be deployed in a territorially concentrated manner.

The priority axis must contribute to the following objectives:

- more efficient use of infrastructure;
- higher quality working locations;
- improving environmental quality;
- higher quality living environment.

4.3.2 Basic principles

Economic added value

Investments under this priority must contribute directly to regional competitiveness and must deliver economic added value. This must be expressed in the programme and in the individual and/or connected projects.

Sustainable integration

In a densely populated country like the Netherlands, sustainable land use is of great importance. Partly to strengthen the establishment climate, the policy focuses on combination and consolidation in and around cities, together with the development of natural and recreational areas. Combination and consolidation of urbanisation contribute to optimum use of infrastructure and increase the basis for facilities. This places businesses in a position to avail themselves of advantages of conurbations. For cities/urban networks and surrounding countryside, it is important to ensure an (internationally) competitive establishment climate and a wide variety of urban functions. To be able to offer an attractive establishment climate as a city and region, it is also important for there to be attractive surroundings for living and working. The recreational facilities in and around the city are important in this connection.

Territorial focus

The European Commission calls for concentrated commitment of resources to achieve maximum effectiveness. This priority refers to a territorial concentration of resources. The policy documents which together form part of the Spatial Policy Document have differing territorial emphases. In the light of this, the intention is for the resources for this priority under the Objective 2 ERDF programmes to be committed in the national urban networks and the economic core areas. In addition, a select number of other regions can be eligible, such as, for example, the economic core areas in the north and Zwolle and the city triangle in the east. The most important tasks and opportunities for improving the living and working environment lie in these regions. Some flexibility is possible in defining these areas. The Cabinet will flesh this out in consultation with the region. Within these areas, it is a matter of a single approach for both red and green functions, with worthwhile possibilities for integral projects existing at the intersection of the red, green and blue axes – such as infrastructure, network of protected areas with strong links and national landscapes.

Integral approach

The policy areas are developed in the next section. This is not a limitative list, but for guidance. It must be worked out in the operational programmes how the policy areas/projects contribute to strengthening regional competitiveness. It is not necessary to devote the same amount of attention to every policy area in the operational programmes. The basic principle is to aim for an integral programme.

4.3.3 Policy areas

The Commission identifies the following policy areas in the Community Strategic Guidelines: transport infrastructure, strengthening synergies between environment and growth and, thirdly, renewable energy. For the Dutch programmes, the emphasis is on the first two policy areas. The policy area 'renewable energy' is provided for mainly under innovation.

Transport infrastructure

The Dutch traffic and transport policy focuses on improving reliability and on acceptable travelling times; this reliability means that travellers know at what time they will arrive and transporters as far as possible can deliver just-in-time. This improvement is made throughout the journey 'from door to door' and for all means of transport. National, regional and local networks of road, water and public transport are interdependent. For this reason, an integral network approach is necessary.

The regionally-oriented network analysis instrument is introduced in the implementation schedule of the Mobility Policy Document. The essence of this is that the decision-making and implementation of the chosen measures are optimised via analysis of traffic and transport problems and solutions shared by various parties concerned. This also takes account of the spatial and economic developments. A network analysis relates to all traffic and transport networks, including in each case the road and public transport networks in a large urban area, and will take account of all current specific investigations and plan studies in the area concerned.

The package of measures compiled as a result of the network analysis contains both infrastructural measures, for example a study of the traffic and transport constraint, and non-infrastructural measures, for example, traffic management. In view of the expected budget, investments in physical projects, such as building roads, are possible only on a limited scale, such as connecting work locations and inner city areas to the main infrastructure. The emphasis will therefore lie more on more efficient use of infrastructure, for example via traffic management.

To strengthen European competitiveness, the realisation of the Trans-European Transport Network (TEN) is considered to be of the greatest importance. In the first instance, the European Commission focuses on the construction of 30 priority connections. Four projects in the Netherlands are on this list: the Meuse axis, the Betuwe line, the high-speed railway axis south and the Iron Rhine. In view of the stage reached by these projects and the ratio between the investment costs in the TENs and in connections to them and the available budget, investments in these projects are not a priority in the Dutch structural fund programmes.

Strengthening the interaction between environmental protection and growth

The aim is to ensure attractive conditions for businesses and highly-skilled staff by means of land-use planning which reduces urban sprawl and by maintaining the physical environment, including the natural and cultural heritage. From the point of view of consistency, investments in this area must be linked to the development of innovative, job-creating businesses in the regions concerned.

Investments in this context can contribute to upgrading the physical environment in and around cities and adjoining specific rural areas, coupled to economic development:

- Restructuring of areas zoned for economic activities, improvement of urban work areas, tourist and recreational infrastructure, spatial quality in coastal towns with a view to tourism, innovative building on the water and the waterfront and in deep polders, green and blue in and around the city, promotion of ecological features, such as Natura 2000, and cultural and landscape heritage, directed towards the development of sustainable tourism and recreation.
- Environmental measures to improve air quality – with reference to the National Programme of Measures – noise, water, soil and external safety, which are linked to economic development.

Renewable energy

To achieve the greatest possible economic spin-off, investments in this area must be linked to investments in the field of innovation and research. This comes under the denominator 'ecologically efficient innovation' under the priority 'innovation, entrepreneurship and knowledge economy'. Regular investment in energy-saving or the generation of energy from renewable sources are not a priority under the structural fund programmes.

4.4 Attractive cities

4.4.1 Objective

The SWOT analysis shows that despite the positive developments in the cities, they still suffer from serious socio-economic problems. In addition, there are specific urban tasks in the regional establishment climate. Attractive cities are an important establishment location factor for people and businesses. For this reason, this NSRF provides for a separate priority for cities.

This priority axis must contribute to increasing socio-economic vitality. The following objectives apply for this:

- To boost the urban and district economy;
- To improve the level of amenities and the spatial quality of the living and working environment;
- To foster liveability, (economic) participation and social cohesion.

4.4.2 Approach

The way in which the urban task is included in the programmes differs for each programme. Priority must focus on the cities covered by the large cities policy, because the large city problems are concentrated in these cities. An exception is made for Almere. This also applies to Apeldoorn if the other cities covered by the large cities policy in the operational programme agree to this (and also to the financial implications). The Cabinet will also assess possible proposals by the region to involve for example Ede and Assen too in the urban priority in the light of the desired concentration of the resources. Inclusion in the urban priority does not change the position of these cities in the present

and future large cities policy in any way whatsoever. After the operational programmes have been established, there is no possibility to add further cities to the urban priority during the programme.

The regional programmes can include this priority in the programmes. In the programme for West Netherlands, part of the programme is carried out by the four large cities via sub-delegation. This part of the programme largely consists of the urban priority. In the other regions, there are no global subsidies for cities and they include this priority in the regional programme. The possibility does exist of a separate steering group for the urban priority.

The cities can opt in favour of applying a district approach, as occurs in the current Objective 2 urban programme. Another possibility is to opt for an approach in which the entire city is eligible, whether or not in combination with district emphases. This will depend on the local situation. In any case, the approach will have to tie in well with the implementation covenants for the large cities policy. There is some thematic connection between the attractive regions and attractive cities priorities. Overlap must be avoided as far as possible. This can turn out differently for each programme.

The urban priority is well suited for projects on the interface between the ESF and ERDF. Within the scope which the regulations can offer for this, the cities can avail themselves of the possibility to include ESF topics as a measure.⁸ With a view to “on-the-job learning” and the monitoring of the urban dimension, cities can also avail themselves of the services of the “European Knowledge Network (EUKN)” during implementation. This network can carry out similar activities for other operational programmes.

4.4.3 Policy areas

Entrepreneurship, district economy, economic participation

Boosting entrepreneurship comprises the business start-ups policy and development of locations for establishment and breeding grounds for innovative and creative forms of commercial activities, simplification of municipal rules and regulations, improvement of services by municipalities to entrepreneurs, inter alia through the use of ICT, improving transparency of rules and authorities at local level, education and courses for entrepreneurs, financing of investments and policy to assist specific groups to obtain work. This can also include encouraging a combination of living and working and the development of small business units for specific target groups. The local entrepreneurs are important for the vitality of the neighbourhoods and districts. There is consequently a question of a close relationship with an integral district approach as developed in the large cities policy. In economic opportunity zones in vulnerable districts, measures can be taken directed towards boosting investments and creating employment in districts for special attention or in city centre locations. This also includes measures focusing on participation and cooperation, such as network meetings for entrepreneurs.

Spatial quality of living and working environment

⁸ See comments on the flexibility between ESF and ERDF in section 3.5.

Diversity of amenities, an attractive spatial structure and good accessibility and quality of working locations are important for the attractiveness of the city as an establishment location for businesses and people. Improvement of the quality and (re)development of work locations can take a variety of forms, for example by redevelopment of industrial buildings and sites, investments in public areas, accessibility, traffic and parking facilities and the redevelopment of district centres and town centres. Physical investments in the attractiveness and safety of public areas and green areas open to the public can be committed to, preferably as part of a broader approach to urban opportunities and constraints. Furthermore, environmental measures focusing on improving the air quality can contribute to the quality of the living environment. Investments in environmentally friendly transport are part of this. Increasing tourist recreational and cultural amenities enhances the attractiveness of cities. Measures contributing to the appeal of city centres are also a possibility.

Liveability, participation and social cohesion

This refers to both physical and non-physical measures focusing on enhancing liveability, safety and social cohesion in cities and districts. Keeping districts clean, respectable and safe can make an important contribution to social cohesion. In relation to work locations, consideration can be given to measures in the context of safe businesses. Furthermore, it is possible to invest in boosting what is on offer in the socio-cultural field and amenities for vulnerable groups and districts. ERDF resources can also be committed to support cooperation between public authorities, social and residents' organisations and the business community.

Through targeted education and training, a contribution can be made to the deployability of vulnerable groups in the local labour market. Support for business start-ups can form part of this. This can be achieved by linking up with the European Social Fund or earmarking ERDF resources for this. Physical investments, such as offering multi-purpose district facilities with training centres and other educational facilities come within the ERDF context.

4.5 Overview of territorial focus

A different territorial focus is expected of the investments in the various priorities. This is presented diagrammatically in the table below. Since the priority innovation and entrepreneurship is not subject to territorial demarcation, no regions are excluded from aid from the structural funds. Moreover, on average more than half of the financial resources are committed to this priority.

Priority	Urban networks and economic core areas	Cities covered by the large cities policy ⁽²⁾	Other regions
Innovation and entrepreneurship	X	X	X
Attractive regions	X	X ⁽¹⁾	
Attractive cities		X	

(1) In so far as the cities covered by the large cities policy are in an urban network or economic core area.

(2) Including Almere and Apeldoorn, and other cities if this is agreed between central government and region.

5 Objective 2 Employment (ESF)

5.1 Introduction

As indicated in section 3.3, the following priority axes apply for Objective 2 Employment:

- increasing the labour supply and an inclusive labour market;
- increasing adaptability and investing in human capital.

These priority axes are formulated on the basis of the weaknesses of the Dutch labour market identified by the SWOT analysis. A number of the weaknesses have been dealt with by the Cabinet through a new policy which has been translated into legislation and through mobilisation of national resources. The reorganisation of the social security system and the new Work and Assistance Act brought into force, for example, are characterised by greater activation towards paid work. Extra measures have been taken and a sizeable extra budget has been earmarked to combat early school-leaving intensively. The most important remaining weaknesses lie predominantly at the lower end of the labour market in the light of the ageing of the population, the knowledge economy and globalisation. There is a question of an unused potential labour supply and the need for continuing vocational training to achieve the desired acceleration in the increase in labour productivity and to withstand competition from the low-wage countries. An extensive analysis is included in the ESF operational programme. The priorities focus on the unemployed and those in work and are explained below. The indicators are shown in Annex 3.⁹

5.2 Increasing the labour supply and an inclusive labour market

5.2.1 Objective

At end-2006, there is talk of an economic upswing with rising employment. In this situation, the opportunities on the labour market increase for those with a less good position on this market. Among the unemployed labour force, there is an unused potential labour supply which can be activated. Growth in the number of people in work increases the capacity to bear the costs of the ageing of the population.

5.2.2 Approach

An intensive reintegration process is often unnecessary for these unemployed people to be able to participate in paid employment. Limited extra preparation and extra mediation activities may already be sufficient. Bodies within the work and income implementation structure (the Centrum voor Werk en Inkomen (Centre for Work and Income - CWI), the Uitvoeringsinstituut werknemersverzekeringen (Employee Insurance Schemes Implementing Body - UWV) and municipalities) coordinate in determining the ESF commitment for assisting the unemployed to obtain work. For the large(r) municipalities, the G31 which can apply for grant directly, coordination with projects in the context of the problems of large cities is obvious.

⁹ This Annex still has to be added.

For people not reached by the traditional re-employment bodies or only with difficulty and for whom mediation is not yet possible, for example detainees, it is possible with ESF support to provide a course to link up with the labour market through third parties. This also applies to people who need special guidance in the transition from education to work.

5.3 Increasing adaptability and investing in human capital

5.3.1 Objective

Against the background of striving for a knowledge economy and of withstanding external competition, further training, occupational retraining and training up employees must remain the policy spearhead. In this respect, it is the training of low-skilled workers in particular which is of great importance. This contributes to the desired increase in labour productivity, which is also brought about by social innovation.

5.3.2 Approach

Training employees is the responsibility of the social partners. They manage training and development funds for this purpose. In the period 2000-2006, the training and development funds appear to be the most significant applicants for ESF support. For the new period, training of low-skilled workers will again be promoted by large-scale ESF support being made available for training and development funds applying.

Leaner working or changes in the organisation may ensure greater productivity per employee. The Cabinet wishes to facilitate this social innovation by allowing projects in this field to be eligible for ESF subsidy.

6 Objective 3 European territorial cooperation

6.1 Introduction

The Objective 3 European territorial cooperation (ETC) has three components:

- cross-border cooperation;
- transnational cooperation;
- interregional cooperation.

Because the programmes have to be drawn up in cooperation with other Member States and regions, the NSRF is worked out in less detail in this field.

One of the challenges for the period 2007-2013 is greater cohesion between the three components of this objective. In this respect, the Cabinet opted for the following philosophy. The aim is to link up as far as possible with the strategic concepts for regional policy, which can be inferred from policy documents such as the Spatial Policy Document, Peaks in the Delta, Living Countryside, the Mobility Policy Document and the Large Cities Policy. In this objective, the Netherlands seeks added value especially in strategic international cooperation. The programmes therefore expressly have to aim for more focus. The actual cohesion will be monitored especially at central government level.

The A4 Amsterdam-Paris development axis can be taken as a practical example of this way of thinking. Integral development is promoted on this axis, which fits into the Dutch spatial network, with an emphasis on economic and infrastructural opportunities. It is conceivable in this example for the necessary study and exchange of knowledge on this development to take place in the context of interregional cooperation or networks. A transnational project could offer the integral frameworks in the field of planning and development, whilst more local components are tackled in the cross-border programmes concerned, such as infrastructure constraints or development opportunities.

6.2 Cross-border cooperation

Cross-border cooperation takes place along the national borders with Germany and Belgium. The limited size of the eligible area makes it difficult to implement projects which transcend local interest. For this reason, the Netherlands will, where desirable, make use of the available flexibility.¹⁰

At present, there are seven cross-border regions along the Dutch-German border in which INTERREG IIIA programmes are carried out. Along the German border, a number of regions have been combined in a single programme. The European Commission wishes to reduce the number of programmes, and this has the support of the Cabinet. A new regional classification is being devised in consultation with the decentralised authorities and the competent authorities in Germany and Belgium.

The specific maritime cooperation programme between France, the United Kingdom, Belgium and the Netherlands is new.

¹⁰ Within the meaning of Article 21(1) of the draft ERDF Regulation.

The following general principles apply:

- better dovetailing with the national policy agenda;
- focus on innovation and the knowledge economy;
- integral projects/coherent programmes;
- a programme structure which supports the development of integral and 'major' projects.

In the Community Strategic Guidelines, territorial cohesion is also included under the cooperation objective. The Commission states that territorial imbalances must be avoided and that coherence between sectoral and spatial policy merits attention. Territorial cohesion also requires a more integral and sustainable approach to strengthen the ties between urban and rural areas. From this point of view, cross-border cooperation focuses mainly on the following policy areas.

Attractive regions and cities

Attractive regions and cities require priority logistics and infrastructure which are planned and developed in a sustainable manner. Sustainability necessitates a balance between social, economic and ecological aspects; this requires an integral approach and planning, which in this connection also covers cross-border aspects. For the Netherlands, the commitment is not so much to supporting large physical investments in this context, but primarily to arriving at collaborative development of structural plans, decisions on marking out routes and cross-border PPP structures. Small-scale investments are not excluded. Logistics and infrastructure call for an approach in which supporting or compensatory investments in nature and water are also possible, taking account of cross-border aspects.

Attractive regions and cities need a good environment in which to live and work, which also requires environmental investments for air, nature, soil, water and noise. This also includes cross-border nature development as part of an attractive living and working environment. At the same time, the attractiveness of living in cities is demonstrably influenced by an attractive cultural environment.

Innovation, entrepreneurship and knowledge economy

With a view to territorial cohesion, the use and development of regional cooperation between public knowledge institutions and the business community in the border regions concerned are important here. Good cooperation between enterprises, knowledge institutions and public authorities is after all an important condition for regional economic development. This cooperation may relate in particular to government coordination, strengthening of networks and facility sharing.¹¹ This cooperation also focuses on joint actions for key areas of technology (e.g. *Food and Flowers, high-tech systems and materials*), thereby achieving the focus and mass strived for by the Cabinet in the field of research and innovation.

These key areas preferably have a national focus, as laid down by the Cabinet and the Innovation platform, but may also be a spearhead of regional and/or urban policy. The spatial-economic cohesion between these developments extends beyond borders and offers specific points of contact for cross-border cooperation.

The development of a joint policy for knowledge exploitation and promoting innovativeness of SMEs, for example by strengthening the contacts with colleges of higher education and universities through exchange of knowledge vouchers, also come under this priority. Internationalisation and also

¹¹ Letters of Intent which have been signed in this context between the Netherlands and North Rhine-Westphalia and between the Netherlands and Belgian/Flemish partners offer a guideline here.

succession problems of SMEs can be considered. As far as ICT is concerned, the development of ICT services, such as for example care services, is especially important. Support can also be given in this context to joint initiatives focusing on renewable energy and ecologically efficient innovation.

It is also necessary to look for mutual synergy between the commitment of ETC resources and the commitment of resources from the 7th Framework Programme for Research (FP7) and the Competitiveness and Innovation Framework Programme (CIP). This may refer to equipping the business community and knowledge institutions to participate in these programmes and making use of the strategic research agendas of cooperating public authorities (as in ERA-NET) and cooperating industry on themes which are relevant to the region (as in European Technology Platforms). The implementing organisations (SenterNovem, EVD, Syntens) are endeavouring, as part of the CIP, to create a one-stop shop for SMEs, with regional coverage, so that the dissemination of information on Europe and possibilities for establishing cross-border networks are made more easily accessible.

More and better jobs

The issue of cross-border work is and remains an important policy area for cross-border cooperation; this may also involve cross-border schemes for work placements and training places for young people and job-seekers. Attention can also focus here on social aspects, for example concerning a joint approach to integration and naturalisation.

6.3 Transnational Cooperation

The transnational cooperation programmes offer a framework enabling the Netherlands to incorporate the spatial and economic networks it has defined in various policy documents into European networks, where this seems appropriate. The Cabinet supports the Commission's idea that this can take place via strategic structuring projects within transnational cooperation. Important starting points for this are to be found in the Rotterdam Agenda for Territorial Cohesion, which was drawn up in November 2004. Investments will for the most part be of an initiating nature. The budget is not in itself sufficient for large strategic structuring projects.

Four specific priority areas for transnational cooperation are mentioned in the ERDF Regulation:

- innovation,
- the environment,
- accessibility,
- sustainable urban development.

Innovation

The comments made in section 6.3.2 on the knowledge economy and innovation are also important in this context. Furthermore, the importance has already been pointed out of linking up with and supplementing the 7th Framework Programme, the CIP and cross-border programmes in the transnational cooperation areas. Whereas the 7th Framework Programme strives in particular for excellence in the research field, the transnational programmes can encourage links between universities and knowledge institutions and exchange of knowledge with businesses in the participating countries.

Environment

In this context, water management is an important policy area in the Netherlands. The Netherlands commits primarily to measures for protection against high tides and especially projects which fit into the Space for the River Programme. In addition to protection against high tides, prevention of flooding, maintenance of natural areas such as the Natura 2000 areas, biodiversity, country estates, improvement of water quality and water use for recreation and tourism can also be considered. Energy efficiency and risk prevention are also important in this context. The Netherlands wishes to commit to projects which increase external safety in relation to natural and technological risks, for example by means of innovative ways of transporting dangerous substances. These projects must be fitted in spatially, for which an integral approach is essential. Examples lie in the field of maritime safety and environmental improvements in ports, but can also relate to the planning and environmentally sound construction of energy infrastructures.

Improving accessibility

The Netherlands commits to projects which make large-scale investments spatially and economically possible and support them. For land transport, these could be joint studies for structural plans, decisions on marking out routes and cross-border PPP structures, transport management pilots and small-scale investments, such as links to central infrastructure. An integral approach is desired, for example the development of the Amsterdam-Paris axis or the network eastwards. For water transport, possible examples are initiatives promoting river information services and cooperation between ports.

Sustainable urban development

The comments made in section 6.3.2 on attractive regions and cities are also important in this context. The Netherlands commits to establishing and improving urban networks and relations between town and countryside.

Regions

Transnational cooperation involves larger regions compared to the cross-border cooperation component. In the coming period, the Netherlands will be cooperating in the North Sea programme and the North-West Europe programme. There are six Member States involved in the North Sea programme and seven in the North-West Europe programme. The Cabinet is striving for closer cooperation between the North Sea programme and the Baltic Sea Region, where possible on the basis of the inter-programme flexibility proposed in the draft Regulation.

6.4 Interregional cooperation

The European Commission referred to making an interregional cooperation programme possible under Objective 3 which is comparable to the present INTERREG IIIC. According to the Commission, the policy areas for interregional cooperation focus on innovation and the knowledge economy and the environment and risk prevention. With regard to the organisation, the Commission is aiming for a single programme covering the EU as a whole.

The Commission is still to announce further details of both policy areas and organisation. Special attention is to be paid to gearing the interregional cooperation, which is made possible under Objective 2, to the separate programme under Objective 3 referred to here. Interregional cooperation under Objective 2 is a possibility, not an obligation. The regional programmes can themselves provide for content here.

Objective 3 also covers the planned successors to the present programmes ESPON, INTERACT and URBACT. The continuation of these EU-wide exchange and knowledge networks has the backing of the Netherlands. For the coming period it must also be investigated how the cohesion between these networks can be strengthened.

The allocation of resources among the programmes and the design of those programmes are entirely in the hands of the European Commission. No provision is made for allocation to the Member States. The Commission also requires national co-financing (15% or 25%). The co-financing has been made dependent on the content and organisational form given to the respective programmes.

7 Implementation

7.1 Introduction

This chapter provides an explanation of the operational aspects. It must be pointed out that for Objective 3 consultation is still taking place with the other Member States involved and that the information for this Objective is therefore still provisional.

7.2 Financing and programmes

7.2.1 Financial overview

Total amount

In the period 2007-2013, the Netherlands is eligible for a total of €1 692 million in structural funds. Of this, €1 473 million is earmarked for Objective 2 and €219 million for Objective 3. Half the resources for Objective 2 are earmarked for the ESF programme and the other half for the regional ERDF programmes. This allocation is in line with the European Commission's original proposals. The Cabinet sees no reason to avail itself of the possibility to support a different allocation. In view of the call on the resources of the national budget for areas where the ERDF and ESF can be complementary, a proportional allocation between the two funds is appropriate.

Reserves

The Netherlands will not set aside a performance reserve or national reserve for contingencies. This involves such small amounts that the advantage of the use of these possibilities is outweighed by the administrative burden they cause.

Co-financing

The Netherlands must match every single European euro with money of its own, which is known as co-financing. For the Objective 2 programmes, the maximum contribution from the structural funds amounts to 50%, whereas for Objective 3 programmes it is 75%. This means that the Netherlands has to finance at least 50% of the eligible expenses in the case of Objective 2 programmes and at least 25% in the case of Objective 3 programmes. These percentages are based on the total costs. This means that private investments can also count towards the Dutch co-financing. These percentages can be set at lower levels in the programmes.

As far as public co-financing is concerned, the basic principle is that all stakeholders in the programmes and projects make their contribution to the co-financing. In this respect, the aim is for balanced allocation between co-financing by the State and co-financing from the region.

In the period 2000-2006, the State co-financing is largely financed from regular instruments, such as Kompas for the North, the emergency programme for reconstruction and the Large Cities Policy. The Ministry of Economic Affairs also makes available €11 million per annum for the East, South and Flevoland programmes and for Interreg 3A programmes. The Ministry of Housing, Spatial Planning and the Environment (VROM) provides co-financing for Interreg 3B programmes. Other ministries also provide co-financing on a project basis. In the period 2007-2013 too, part of the co-financing will again be drawn from the existing instruments.

The Cabinet has decided to make €222 million extra available as national co-financing to supplement the existing resources. These resources are intended for Objective 2 ERDF and Objective 3. The rule when committing State co-financing is that it must contribute to the national policy objectives. For the Objective 2 ESF programme, the co-financing comes mainly from resources other than those of the State, such as training and development funds. Because the scale of these budgets is sufficient, no extra co-financing is made available by the State.

7.2.2 Objective 2 Competitiveness (ERDF)

Programmes

The following programmes are submitted for Objective 2 ERDF:

- North (Groningen, Friesland, Drenthe);
- East (Overijssel, Gelderland);
- South (Limburg, North Brabant, Zeeland);
- West (South Holland, North Holland, Flevoland, Utrecht).

In the regional programmes, provinces, large cities, knowledge institutions and the business community cooperate in the implementation of the programmes. Clear agreements are reached on the division of responsibilities, with one party per programme, the managing authority, acting as contact for the State and the Commission.

The basic principle is that integral programmes are devised. It is essential that the programmes have a good inherent focus. Strengthening the competitiveness of the region cannot be achieved by one city or one province alone. The State therefore has a clear preference for regionally consistent programmes in which cities and provinces cooperate, without sub-budgets for individual provinces or cities. The G4 is an exception to this. The G4 are assigned responsibility via sub-delegation for the implementation of part of the programme for the typically urban projects. Part of the budget for the West programme is reserved for this purpose, for which the cities themselves bear the responsibility.

Specifically in policy areas of the priority 'attractive cities and regions' and the specific urban tasks, cities or a network of cooperating cities can play a pioneering role in drawing up and implementing programmes, naturally in good cooperation with the surrounding region and the province. Involvement in the programme preparation and participation in the monitoring committee and steering groups are desirable for this. The Minister for Administrative Reform and Kingdom Relations is chairman of the monitoring committee of the West programme.

Financial allocation

The basic principle for allocating the resources among the regional programmes is that the Cabinet commits to boosting the competitiveness of all regions. This dovetails with the Community Strategic Guidelines, in which it is stated that the Lisbon targets can be achieved only if the cohesion policy focuses on all regions.

The scale established by the European Council for the allocation of the resources among the Member States forms the basis for the allocation of the financial resources among the programmes. The scale is drawn up from the following criteria and weighting factors:

- share of the population (50%)
- unemployment (20%)
- participation (15%)
- level of training (10%)
- population density (5%).

In addition, a bonus/malus factor of 5% is applied on the basis of gross regional product.

The economic performance of the North has been good in recent years. On the other hand, the northern economy is still more dependent than average on manufacturing industry and its innovative capacity is lagging behind. Under the Peaks in the Delta Policy Document, the North receives extra resources until 2010 to accelerate the transition to a knowledge-oriented economy. To give this transition further support and to allow the changeover between the present and new structural fund period to run smoothly, the North will continue to receive an extra budget from the structural funds up to and including 2010 of an amount based on the 'safety net', i.e. the proportion is 25% lower than in the present period. In the period 2011-2013, the amount is based on the above-mentioned allocation scale. Table 7.1 shows the annual allocation from the ERDF fund per programme. A third of the amount for West is earmarked for the part of the programme to be carried out by the G4 via sub-delegation. Of the rest, a further third of the resources is designated as an indicative allocation for the G4.

Table 7.1: Contribution from the ERDF per programme (in EUR million, 2004 prices)

Region	2007	2008	2009	2010	2011	2012	2013	2007-2013
North	28.9	28.9	28.9	28.9	12.2	12.2	12.2	152.3
East	20.8	20.8	20.8	20.8	20.8	20.8	20.8	145.6
West	34.7	34.7	34.7	34.7	45.2	45.2	45.2	274.3
South	20.8	20.8	20.8	20.8	27.0	27.0	27.0	164.2
Total	105.2	105.2	105.2	105.2	105.2	105.2	105.2	736.4

See Annex 4 for the unrounded amounts and for table in current prices.

The State makes an amount of €255 million available as co-financing for the regional programmes. This co-financing comes from extra resources which the Cabinet has made available and from the Ministry of Economic Affairs. The amount includes an extra contribution of €55 million in national co-financing for the North. Table 7.2 shows the allocation of these resources among the programmes. Agreements will be made with the authorities concerned on the way in which these resources will be made available. These resources will be made available by programme. The commitment of the resources must contribute to national policy objectives. In addition to these resources, resources can be committed from regular instruments. Agreements are made for this purpose between the departments concerned and the programme managers. The agreements on co-financing will be established in a legal instrument and in agreements between the State and the decentralised authorities.

Table 7.2: Contribution of national co-financing (in EUR million)

Region	Amount
North	85.0
East	39.5
West	81.6
South	48.8
Total	255.0

In the coming period, a number of implementation tasks will be carried out centrally (see 7.3). The costs will have to be borne in part by the programmes. This will be financed from the technical assistance of the programmes or from the State co-financing.

7.2.3 Objective 2 Employment (ESF)

Programme

There is one ESF programme. The management, control and evaluation of the ESF will be organised at national level. Implementation of the measures to be subsidised occurs at local level, as for the period 2000-2006. The aim is to minimise the administrative burden. Linked to priorities and measures, the operational programme shows which organisations may submit ESF applications and for which part of the budget.

Financial allocation

Allocation among the priorities will be established in the operational programme. The contribution from the ESF is shown below for each year.

Table 7.3: Contribution from the ESF for each year (in EUR million, 2004 prices)

	2007	2008	2009	2010	2011	2012	2013	2007-2013
ESF	105.2	105.2	105.2	105.2	105.2	105.2	105.2	736.4

See Annex 4 for the unrounded amounts and for table in current prices.

7.2.4 Objective 3 European territorial cooperation

Programmes

A: Cross-border cooperation

For the cross-border cooperation component, the successor to Interreg 3A, the Netherlands will cooperate in four programmes. The maritime programme is new. This programme covers regions in the Netherlands, Belgium, France and the United Kingdom along the English Channel and the southern part of the North Sea. One country is designated as lead Member State for each programme. The Netherlands is responsible for the Maas-Rhine programme. The demarcation of these programmes is worked out in cooperation with the parties concerned.

Table 7.4 Cross-border cooperation programmes

Programme	Euregios involved
Netherlands-Germany	Eems Dollard, Euregio, Rhine-Waal, Rhine-Maas-North
Maas-Rhine	Maas-Rhine
Netherlands-Flanders	Scheldemond, Benelux Middengebied (BMG)
Maritime programme	-

B Transnational cooperation

The Netherlands will join in the North Sea programme and the North-West Europe programme.

C Interregional cooperation

The European Commission will make proposals for this.

Financial allocation

The Netherlands receives €219 million for Objective 3. Of this, €166 million is intended for the cross-border cooperation component and €53 million for the transnational cooperation component. The resources for the interregional cooperation component are not allocated among the Member States in advance. The Netherlands avails itself of the opportunity to transfer resources from cross-border to transnational cooperation because the latter component has been reduced substantially compared to the present period. An amount of €16 million is transferred. The table below shows the allocation of resources after this transfer. The allocation of the resources among the programmes will be established after consultation with the Member States concerned.

Table 7.5: Resources available for Objective 3 (2004 prices)

Component	Amount
Cross-border cooperation	€150 million
Transnational cooperation	€ 69 million
Interregional cooperation	-
Total	€219 million

Co-financing

In any case, €44 million is available as national co-financing. In addition, the various departments are still looking for resources to commit from their own budgets. The allocation among the various components and programmes is still being worked out.

7.3 Management

Implementation and control

The Cabinet wishes to make a number of improvements with regard to control. The basic principles here are:

- clear separation of functions;
- more unequivocal form of control;
- increase efficiency through better cooperation;
- single audit.

One of the objectives is that the Netherlands introduces a national declaration concerning the allocation of expenditure of EU funds under joint management in the Netherlands, i.e. the structural funds and the agricultural funds.

On establishing the management for the new structural funds period, a distinction has to be drawn between two authorities in addition to the managing authority, namely the certifying authority and the audit authority. The managing authority is responsible for the implementation of the programme. The main duty of the certifying authority is to check and certify the expenditure declarations to be submitted to the European Commission. The audit authority's tasks include checking whether the management and control systems are working sufficiently efficiently and it is responsible for carrying out controls focusing specifically on declared expenditure. It is important for sufficient separation of functions to exist between these authorities.

Two important changes have been made compared to the present period. The first is that the certification of the payment applications for all Objective 2 programmes will be carried out centrally by the Implementation of Regulations Service of the LNV. The reason for this is that in this way there is a clear separation of functions between the managing authority and the certifying authority. In addition,

the certification will be unequivocal in this way and efficiency can be increased. The Cabinet has agreed that the Implementation of Regulations Service will also perform the certification for all other European programmes. The second change is that the audit authority will be set up centrally for the ERDF programmes. The precise staffing of the audit authority for the ERDF and ESF programmes is still being decided.

Table 7.6: List of authorities

Programme	Managing authority	Certifying authority	Audit authority
North	SNN*	Implementation of Regulations Service	Audit Department Finance
East	Province of Gelderland	Implementation of Regulations Service	Audit Department Finance
South	Province of North Brabant	Implementation of Regulations Service	Audit Department Finance
West	Municipality of Rotterdam	Implementation of Regulations Service	Audit Department Finance
ESF	Agentschap SZW	Implementation of Regulations Service	Audit Department Finance
Maas-Rhine	Stichting Euregio Maasrijn	PM	Audit Department Economic Affairs

* Samenwerkingsverband Noord-Nederland

The Objective 3 programmes are carried out in cooperation with other Member States. For each programme, one Member State is responsible for organising the management, monitoring and control. The Netherlands is responsible for the Maas-Rhine programme, which comes under the 'cross-border cooperation' component.

Monitoring and exchange of information

More unequivocal monitoring is strived for, so that the progress and results of the programmes are more comparable. On account of the fact that a National Strategic Reference Framework is drawn up, national monitoring is of great importance. The system developed for this will also be used to allow the exchange of information between the various authorities and the European Commission. At programme level, the ESF data will also be processed in this so that national monitoring of indicators and categories is possible.

Coordination

The departments and programme authorities concerned will cooperate more closely than during the present period. This stronger coordination is desirable or necessary for a number of reasons. Firstly, with the National Strategic Reference Framework, the State has been assigned a larger role in the implementation of the structural funds, which calls for national monitoring among other things. There is also the desire to enable the programmes to link up better with national policy and to coordinate the various programmes better with one another. This is a matter of coordination between Objective 2 and Objective 3 and between the various components of Objective 3. Furthermore, the central implementation of the audit function and certification requires good coordination. In addition, better coordination must prevent programmes duplicating activities and different interpretation of regulations being given to each programme. The most important activities are:

- improving the coordination in relation to the European Commission;
- better provision of information to third parties (potential project implementers, Parliament, public);
- coordination between the responsible departments, managing, certifying and audit authorities.

In this coordination structure, the synergy improves between the departments concerned, the managing, audit and certifying authorities. A structural funds coordination unit has been set up for this purpose within the Ministry of Economic Affairs.

Involvement of partners during the implementation

The various partners, such as public authorities, social partners and social organisations are also involved during the implementation. This can take a variety of forms. Representatives of these parties will sit on the various monitoring committees. Where possible and desirable, this also applies for the steering groups. But what is even more important of course is that parties will submit projects. The involvement of the social partners and decentralised authorities in the monitoring of the NSRF takes place via the consultation on the National Reform Programme. A chapter on the structural funds is included in the NRP progress report from 2007.

Coordination of structural funds, FP7 and CIP

The structural fund programmes can dovetail well with the activities financed under the 7th Framework Programme and the Competitiveness and Innovation Framework Programme (CIP). To obtain synergy between the various European instruments, good knowledge management is a first requirement. For this reason, there will be cooperation with EC Liaison – part of SenterNovem – which provides information on FP7 and CIP and supports potential participants in these programmes in a variety of ways. In the first year, the cooperation will mainly be characterised by initial advice on the various support measures under the structural funds, FP7 and CIP. Supplementary support measures will be developed further during the implementation phase.

Coordination with EAFRD and EFF

The Netherlands also receives funds from the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF). Good coordination between the programmes financed from these funds is necessary, ensuring that projects are not financed from more than one fund. Demarcation in advance from the ERDF programmes is important. Chapter 3 of this NSRF indicates how the demarcation of the programmes is made in terms of content. This demarcation is developed in the operational programmes. The managing authorities of the ERDF programmes will have to draw up procedures with the provinces, which are responsible for the EAFRD, to avoid duplicate financing.

Ex ante evaluation and strategic environmental assessment

The ex ante evaluation is carried out at programme level. For the four Objective 2 ERDF programmes, the ex ante evaluation is carried out by one office. The same applies for the strategic environmental assessment. This is carried out for all ERDF programmes, but not for the ESF programme, because no environmental impact is expected in this case necessitating a strategic environmental assessment. For the Maas-Rhine programme, for which the Netherlands is the responsible Member State, an ex ante evaluation and a strategic environmental assessment are also carried out. The results of the ex ante evaluations and the strategic environmental assessments are processed in the operational programmes. The evaluations and strategic environmental assessments are submitted to the European Commission at the same time as the programmes. For the other Objective 3 programmes in which the Netherlands participates, ex ante evaluations and strategic environmental assessments are carried out under the responsibility of the Member State providing the managing authority.

Interim evaluations

Agreements will be made with the managing authorities of the operational programmes on the content and planning of the evaluations to be carried out. In this respect, account will be taken of the planning of the strategic reports which each Member State must present to the European Commission. The National Reform Programme annual progress report includes a chapter on the structural funds.

Eligibility

For the Objective 3 programmes, the rules on eligibility are described in the ERDF Regulation (No 1080/2006). National rules must be drawn up for the Objective 2 programmes. These rules will be established outside this NSRF.

European legislation

The projects must comply with the national and European regulations. Furthermore, specific attention must be paid to the rules on State aid and invitations to tender. The managing authorities are primarily responsible for compliance with these regulations. The certifying authority and audit authority will monitor this. The departments concerned and the three authorities will cooperate closely in this field. In spring 2006, a meeting was organised for the managing authorities on this subject. This will be repeated in the autumn. With State aid as focal point, the Ministry of Economic Affairs will explore the extent to which joint action is possible in the development and reporting of instruments for decentralised authorities of the Ministry of the Interior and Kingdom Relations and the managing authorities.

Annex 1 Introduction of the NSRF

This National Strategic Reference Framework was drawn up by an interdepartmental working group in which the following departments were represented: Economic Affairs (EZ), Interior and Kingdom Relations (BZK), Housing, Spatial Planning and the Environment (VROM), Transport and Public Works (V&W), Social Affairs and Employment (SZW), Education, Culture and Science (OCW), Agriculture, Nature and Food Quality (LNV), Foreign Affairs and Finance. The Ministry of Economic Affairs acted as coordinator. During the preparation of the NSRF, various parties were consulted on the content of the NSRF, the operational programmes and implementation aspects.

NSRF / ERDF

- Extensive talks were held on the NSRF with the Association of Provincial Authorities (IPO) and the Association of Netherlands Municipalities (VNG). Administrative consultation took place in June and December 2005. In addition, regular official consultation took place with IPO and VNG and with the large cities. The decentralised authorities were also present on two occasions in the consultations between the central government and the European Commission.
- The social partners were consulted several times on the ESF programme. On one occasion, the entire NSRF was discussed.
- A consultation meeting was organised for the secondary and tertiary vocational training sector and the universities in April 2006.
- In December 2005, the National Strategic Reference Framework was discussed within the Landelijk Overlegorgaan Vitaal Platteland (National Consultative Forum on the Living Countryside).
- Three-weekly consultation takes place with the programme managers of the regional ERDF programmes on the NSRF, the programmes and implementation aspects.

ESF

- The description of the ESF objectives in the NSRF was drawn up after consultation with the relevant partners in the field of the labour market and social policy.
- Several discussions were organised with the social partners (VNO-NCW, FNV, CNV and MKB-NL), the four large cities (G4) and the Samenwerkingsverband Noord Nederland. In addition, SZW gave a presentation on 22 May 2006 to the education sector (regional training centres, agricultural training centres, practical training centres) and technical consultations were carried out with the sectoral funds and the Centre for Work and Income (CWI).
- On 5 April 2006, a work conference was organised, to which the sectoral funds, social partners, municipalities (VNG and G4), Vocational and Adult Education Council (BVE) and representatives from the Ministries of OC&W, BZK, Justice, VWS, EZ and SZW were invited.

Objective 3

- The various components of Objective 3 were discussed within the National Coordination Committee. In the past year, three meetings were organised for this purpose. During these meetings, the national and regional stakeholders were informed.
- The Ministry of Economic Affairs organised three conferences with Flanders, North-Rhine Westphalia and Lower Saxony on economic cooperation in the border region. These conferences supplied input for the new cross-border programmes. The provinces were also represented in various procedures.
- For each cross-border programme, consultation took place with the Member States, provinces and Euregios concerned.

- For the North Sea programme and North-West Europe programme, public consultation was organised via the Internet.

Annex 2 Resource allocation per expenditure category (indicative)

** Through rounding, the amount of ERDF and hence the total amount do not tally entirely with the tables in Annex 4

Table 1	CODES FOR THE PRIORITY THEME DIMENSION							
Code	Priority theme	East	North	West	South	Total ERDF	ESF	Total
	Research and technological development (R&TD), innovation and entrepreneurship							
1	R&TD activities in research centres	1 456 000	6 080 000	13 000 000	8 210 000	28 746 000	0	28 746 000
2	R&TD infrastructure	11 648 000	6 080 000	9 000 000	3 284 000	30 012 000	0	30 012 000
3	Technology transfer	7 280 000	15 200 000	14 000 000	8 210 000	44 690 000	0	44 690 000
4	Assistance to R&TD, particularly in SMEs	2 912 000	6 080 000	20 000 000	8 210 000	37 202 000	0	37 202 000
5	Advanced support services for firms and groups of firms	2 912 000	1 520 000	8 000 000	8 210 000	20 642 000	0	20 642 000
6	Assistance to SMEs for the promotion of environmentally-friendly	1 456 000	3 040 000	9 000 000	3 284 000	16 780 000	0	16 780 000
7	Investment in firms directly linked to research and innovation	7 280 000	6 080 000	7 000 000	8 210 000	28 570 000	0	28 570 000
8	Other investment in firms	2 912 000	15 200 000	12 000 000	3 284 000	33 396 000	0	33 396 000
9	Other measures in SMEs	10 192 000	15 200 000	11 000 000	3 284 000	39 676 000	0	39 676 000
	Information society							
10	Telephone infrastructures (including broadband networks)	0	0	500 000	0	500 000	0	500 000
11	Information and communication technologies	1 456 000	1 520 000	6 000 000	4 926 000	13 902 000	0	13 902 000
12	Information and communication technologies (TEN-ICT)	0	0	2 000 000	3 284 000	5 284 000	0	5 284 000
13	Services and applications for the citizen (e-learning, e-inclusion, etc.)	2 912 000	760 000	2 000 000	3 284 000	8 956 000	0	8 956 000
14	Services and applications for SMEs (e-commerce, etc.)	4 368 000	1 520 000	5 000 000	4 926 000	15 814 000	0	15 814 000
15	Other measures for use of ICT by SMEs	2 912 000	1 520 000	5 000 000	4 926 000	14 358 000	0	14 358 000
	Transport							
16	Railways	0	760 000	0	0	760 000	0	760 000
17	Railways (TEN-T)	0	0	0	0	0	0	0
18	Mobile rail assets	0	0	0	0	0	0	0
19	Mobile rail assets (TEN-T)	0	0	0	0	0	0	0
20	Motorways	0	0	0	0	0	0	0
21	Motorways (TEN-T)	0	0	0	0	0	0	0
22	National roads	0	0	0	0	0	0	0
23	Regional/local roads	2 912 000	760 000	1 000 000	0	4 672 000	0	4 672 000
24	Cycle tracks	728 000	1 520 000	1 500 000	0	3 748 000	0	3 748 000

25	Urban transport	5 824 000	760 000	0	0	6 584 000	0	6 584 000
26	Multimodal transport	7 280 000	760 000	1 000 000	0	9 040 000	0	9 040 000
27	Multimodal transport (TEN-T)	0	0	0	0	0	0	0
28	Intelligent transport systems	2 912 000	3 040 000	1 000 000	0	6 952 000	0	6 952 000
29	Airports	0	0	0	0	0	0	0
30	Ports	0	0	0	0	0	0	0
31	Inland waterways (regional and local)	1 456 000	0	500 000	0	1 956 000	0	1 956 000
32	Inland waterways (TEN-T)	0	0	0	0	0	0	0
	Energy							
33	Electricity	0	0	0	0	0	0	0
34	Electricity (TEN-E)	0	0	0	0	0	0	0
35	Natural gas	0	0	0	0	0	0	0
36	Natural gas (TEN-E)	0	0	0	0	0	0	0
37	Petroleum products	0	0	0	0	0	0	0
38	Petroleum products (TEN-E)	0	0	0	0	0	0	0
39	Renewable energy: wind	1 456 000	608 000	1 000 000	821 000	3 885 000	0	3 885 000
40	Renewable energy: solar	1 456 000	608 000	500 000	821 000	3 385 000	0	3 385 000
41	Renewable energy: biomass	4 368 000	608 000	500 000	821 000	6 297 000	0	6 297 000
42	Renewable energy: hydroelectric, geothermal and other	2 912 000	608 000	10 000 000	821 000	14 341 000	0	14 341 000
43	Energy efficiency, co-generation, energy managing	4 368 000	608 000	3 000 000	4 926 000	12 902 000	0	12 902 000
	Environmental protection and risk prevention							
44	Managing of household and industrial waste	728 000	760 000	0	0	1 488 000	0	1 488 000
45	Managing and distribution of water (drinking water)	0	0	0	0	0	0	0
46	Water treatment (waste water)	728 000	380 000	500 000	0	1 608 000	0	1 608 000
47	Air quality	0	380 000	1 500 000	0	1 880 000	0	1 880 000
48	Integrated prevention and pollution control	0	0	500 000	0	500 000	0	500 000
49	Mitigation and adaptation to climate change	0	0	0	0	0	0	0
50	Rehabilitation of industrial sites and contaminated land	7 280 000	3 800 000	17 000 000	0	28 080 000	0	28 080 000
51	Promotion of biodiversity and nature protection (including Natura 2000)	0	1 520 000	13 500 000	0	15 020 000	0	15 020 000
52	Promotion of clean urban transport	1 456 000	760 000	3 500 000	6 568 000	12 284 000	0	12 284 000
53	Risk prevention (prevent and manage natural and technological risks)	0	0	0	0	0	0	0
54	Other measures to preserve the environment and prevent risks	2 912 000	1 520 000	1 000 000	0	5 432 000	0	5 432 000
	Tourism							
55	Promotion of natural assets	0	1 520 000	500 000	0	2 020 000	0	2 020 000
56	Protection and development of natural heritage	1 456 000	3 040 000	1 500 000	0	5 996 000	0	5 996 000

57	Other assistance to improve tourist services	1 456 000	4 560 000	4 000 000	0	10 016 000	0	10 016 000
	Culture							
58	Protection and preservation of the cultural heritage	2 912 000	1 520 000	1 540 000	0	5 972 000	0	5 972 000
59	Development of cultural infrastructure	2 912 000	3 040 000	4 500 000	0	10 452 000	0	10 452 000
60	Other assistance to improve cultural services	1 456 000	3 040 000	500 000	0	4 996 000	0	4 996 000
	Urban and rural regeneration							
61	Integrated projects for urban and rural regeneration	4 368 000	15 200 000	31 000 000	49 260 000	99 828 000	0	99 828 000
	Increasing the adaptability of workers and firms, enterprises and entrepreneurs							
62	Development of life-long learning systems and strategies in firms	728 000	760 000	3 500 000	0	4 988 000	341 397 887	346 385 887
63	Design and dissemination of innovative and more productive ways of organising work	1 456 000	0	0	0	1 456 000	20 000 000	21 456 000
64	Development of specific services for employment, training and support	1 456 000	760 000	2 000 000	0	4 216 000	0	4 216 000
	Improving access to employment and sustainability							
65	Modernisation and strengthening labour market institutions	728 000	760 000	0	0	1 488 000	0	1 488 000
66	Implementing active and preventive measures on the labour market	728 000	760 000	3 500 000	0	4 988 000	0	4 988 000
67	Measures encouraging active ageing and prolonging working lives	0	0	0	4 926 000	4 926 000	0	4 926 000
68	Support for self-employment and business start-up	2 912 000	1 520 000	7 500 000	4 926 000	16 858 000	0	16 858 000
69	Measures to improve access to employment + more women in the labour market	728 000	760 000	500 000	0	1 988 000	110 000 000	111 988 000
70	Specific action to increase migrants' participation in employment	728 000	0	2 000 000	0	2 728 000	66 745 540	69 473 540
	Improving the social inclusion of less-favoured persons							
71	Pathways to integration and re-entry into employment for disadvantaged people	728 000	0	1 000 000	3 284 000	5 012 000	58 915 180	63 927 180
	Improving human capital							
72	Design, introduction and implementation of reforms in education and training systems	728 000	760 000	4 000 000	0	5 488 000	103 101 565	108 589 565
73	Measures to increase participation in education and training throughout the life-cycle	0	760 000	1 000 000	0	1 760 000	0	1 760 000
74	Developing human potential in the field of research and innovation	2 912 000	4 560 000	6 500 000	4 926 000	18 898 000	6 821 988	25 719 988
	Investment in social infrastructure							
75	Education infrastructure	728 000	760 000	2 500 000	0	3 988 000	0	3 988 000
76	Health infrastructure	0	0	0	0	0	0	0
77	Childcare infrastructure	0	0	0	0	0	0	0
78	Housing infrastructures	0	0	0	0	0	0	0
79	Other social infrastructure	728 000	760 000	3 500 000	0	4 988 000	0	4 988 000
	Mobilisation for reforms in the fields of employment and inclusion							
80	Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders	728 000	1 520 000	1 000 000	0	3 248 000	0	3 248 000
	Strengthening institutional capacity at national, regional and local level							
81	Mechanisms for improving good policy and programme design, monitoring and	728 000	0	0	0	728 000	0	728 000

	evaluation							
	Reduction of additional costs hindering the development of outermost regions							
82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation	0	0	0	0	0	0	0
83	Specific action addressed to compensate additional costs due to size market factors	0	0	0	0	0	0	0
84	Support to compensate additional costs due to climate conditions and relief difficulties	0	0	0	0	0	0	0
	Technical assistance							
85	Preparation, implementation, monitoring and inspection	4 368 000	5 320 000	7 660 000	6 268 000	23 616 000	7 364 398	30 980 398
86	Evaluation and studies; information and communication	1 456 000	760 000	3 300 000	300 000	5 816 000	22 093 193	27 909 193
Total		145 600 000	152 000 000	274 000 000	164 200 000	735 800 000	736 439 750	1 472 239 750
TOTAL EAR-MARKING		89 544 000	95 000 000	173 000 000	108 372 000	465 916 000	706 982 160	1 172 898 160
		62%	63%	63%	66%	63%	96%	80%
TABLE 2:	CODES FOR THE FORM OF FINANCE DIMENSION							
Code	Form of finance							
1	Non-repayable aid	126 672 000	144 400 000	232 900 000	150 000 000	653 972 000	736 439 750	1 390 411 750
2	Aid (loan, interest subsidy, guarantees)	2 912 000	1 520 000	24 660 000	0	29 092 000	0	29 092 000
3	Venture capital (participation, venture-capital fund)	14 560 000	4 560 000	16 440 000	14 200 000	49 760 000	0	49 760 000
4	Other forms of finance	1 456 000	1 520 000	0	0	2 976 000	0	2 976 000
Total		145 600 000	152 000 000	274 000 000	164 200 000	735 800 000	736 439 750	1 472 239 750
TABLE 3:	CODES FOR THE TERRITORIAL DIMENSION							
Code	Territory type							
1	Urban	131 040 000	76 000 000	232 900 000	104 000 000	543 940 000	500 000 000	1 043 940 000
2	Mountains	0	0	0	0	0	0	0
3	Islands	0	0	0	0	0	0	0
4	Sparsely and very sparsely populated areas	0	0	0	0	0	0	0
5	Rural areas (other than mountains, islands or sparsely and very sparsely populated areas)	14 560 000	76 000 000	41 100 000	60 200 000	191 860 000	206 982 160	398 842 160
6	Former EU external borders (after 30.04.2004)	0	0	0	0	0	0	0
7	Outermost region	0	0	0	0	0	0	0
8	Cross-border cooperation area	0	0	0	0	0	0	0
9	Transnational cooperation area	0	0	0	0	0	0	0
10	Inter-regional cooperation area	0	0	0	0	0	0	0
0	Not applicable	0	0	0	0	0	29 457 590	29 457 590
Total		145 600 000	152 000 000	274 000 000	164 200 000	735 800 000	736 439 750	1 472 239 750

Annex 3 Indicators

This Annex will be completed when the operational programmes have been finalised.

Annex 4 Financial tables

Table 1: ERDF amounts per year for Objective 2 Competitiveness (2004 prices, not rounded)

Amount	2007	2008	2009	2010	2011	2012	2013	2007-2013
North	€28 931 562	€28 931 562	€28 931 562	€28 931 562	€12 203 859	€12 203 859	€12 203 859	€152 337 822
East	€20 799 542	€20 799 542	€20 799 542	€20 799 542	€20 799 542	€20 799 542	€20 799 542	€145 596 795
West	€34 703 019	€34 703 019	€34 703 019	€34 703 019	€45 167 304	€45 167 304	€45 167 304	€274 313 987
South	€20 771 556	€20 771 556	€20 771 556	€20 771 556	€27 034 974	€27 034 974	€27 034 974	€164 191 145
Total	€105 205 679	€105 205 679	€105 205 679	€105 205 679	€105 205 679	€105 205 679	€105 205 679	€736 439 750

Table 2: ERDF amounts per year for Objective 2 Competitiveness (current prices)

Amount	2007	2008	2009	2010	2011	2012	2013	2007-2013
North	€30 700 000	€31 300 000	€31 900 000	€32 600 000	€14 000 000	€14 300 000	€14 600 000	€169 400 000
East	€22 100 000	€22 500 000	€23 000 000	€23 400 000	€23 900 000	€24 400 000	€24 800 000	€164 100 000
West	€36 800 000	€37 600 000	€38 400 000	€39 100 000	€51 800 000	€52 900 000	€54 000 000	€310 600 000
South	€22 000 000	€22 500 000	€22 900 000	€23 400 000	€31 100 000	€31 700 000	€32 300 000	€185 900 000
Total	€111 600 000	€113 900 000	€116 200 000	€118 500 000	€120 800 000	€123 300 000	€125 700 000	€30 000 000

Table 3: Amount from the ESF per year for Objective 2 Employment (2004 prices, not rounded)

Amount	2007	2008	2009	2010	2011	2012	2013	2007-2013
ESF	€105 205 679	€105 205 679	€105 205 679	€105 205 679	€105 205 679	€105 205 679	€105 205 679	€736 439 750

Table 4: Amount from the ESF per year for Objective 2 Employment (current prices)

Amount	2007	2008	2009	2010	2011	2012	2013	2007-2013
ESF	€111 690 215	€113 856 020	€116 111 140	€118 457 363	€120 896 510	€123 230 440	€125 761 049	€30 002 737

Explanation: Tables 2 and 4 apply for the programmes.

