

**EXPERT EVALUATION NETWORK  
DELIVERING POLICY ANALYSIS ON THE  
PERFORMANCE OF COHESION POLICY 2007–2013**

**YEAR 1 – 2011**

**TASK 2: COUNTRY REPORT ON ACHIEVEMENTS OF  
COHESION POLICY**

**NETHERLANDS**

**VERSION: FINAL**

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**A report to the European Commission  
Directorate-General Regional Policy**

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## LIST OF ABBREVIATIONS

- AIR           Annual Implementation Report
- CPB           Netherlands Bureau for Economic Policy Analysis
- EEN           Expert Evaluation Network
- ERDF        European Regional Development Fund
- ESF           European Social Fund
- EU            European Union
- MA           Managing Authority
- MTR         Mid Term Review
- NSR         National Strategic Reference
- OECD        Organisation for Economic Cooperation and Development
- OP           Operational Programme
- SME         Small and Medium sized Enterprises

## EXECUTIVE SUMMARY

- The regional economic growth rates in Dutch provinces in 2010 show no large differences from the national growth rate, either positive or negative. All regions have seen a moderate economic recovery over the past year. It is important to stress that from a European perspective the regional disparities in the Netherlands are very moderate.
- The economic crisis has not affected the budget for regional policy. So far the funds available for supporting regional development have not been reduced, despite the current policy of fiscal consolidation of government finances at national level.
- The various ERDF programmes are broadly on schedule and the total budget allocated (EUR 1.9 billion) has already been committed to projects. On the other hand, the implementation rate, based on certified expenditure, is still low. The main challenge for the coming years is to increase the implementation rate.
- Around 40% of the total allocated budget is committed to enterprise environment. All programmes have allocated and committed the largest share to supporting enterprises. This is in line with the focus on innovation, entrepreneurship and the knowledge economy. Within this area, support for innovation in SMEs is particularly large. The mid-term review indicates that 60% of the budget is committed to the Lisbon goals (earmarking categories).
- There is no evidence in the annual reports that EU support under Cohesion Policy is helping regions to respond to major long-term challenges (such as the increased competition resulting from globalisation, demographic change, climate change and energy security).

# 1. THE SOCIO-ECONOMIC CONTEXT

## Main points of 2010 country report

- The essence of Dutch regional policy is not to tackle weaknesses but instead to enhance strengths. In 2006, the main focus of regional-based programmes shifted from reducing economic deficits to stimulating economic opportunities. This national strategy is being translated into policy at regional level.
- The economic crisis had differential effects on regions, though all regions suffered from the recession. This resulted in budgetary constraints at national level (2010), but these have not caused additional reductions in the national and regional funding available for regional policy in 2011.
- Regional authorities have taken measures to counter the economic crisis. The common denominator of these measures is to accelerate the pace of investment (mainly in infrastructure projects).
- The Netherlands is among the European countries with the smallest regional differences, showing for example only moderate regional disparities in GDP per head (Eurostat, 2010). However, viewed from a national perspective the country does have large regional disparities, in terms of population density, economic growth, R&D expenditure, educational attainment and (un)employment etc.<sup>1</sup>

## Socio-economic situation and development

The northern part is the most rural and least urbanised in The Netherlands<sup>2</sup> with traditionally the lowest population density, the lowest participation rate and the highest unemployment rate. In the West there is a concentration of urban agglomerations with a relative young and highly educated workforce in internationally competitive economic clusters with a high concentration of business activity and universities and research institutes. The South can be divided between the South-West with a strong emphasis on processing industries, logistics and tourism, and the South-East with a strong high-tech sector, food industry, medical technology and life sciences. The East combines an attractive living environment with competitive economic clusters and universities specialised in food, healthcare and technology.

The Netherlands was relatively severely hit by the global economic crisis in 2008 and 2009. Despite government intervention to support the financial sector and a fiscal stimulus, the Netherlands was faced with a deep recession. Due to the crisis public sector consolidated debt, which had fallen below 50% of GDP in 2006 and 2007, rose again in 2008 and 2009 and reached 63% of GDP in 2010 (Eurostat, 2011).

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<sup>1</sup> Source: DG Regio, data on macro-economic developments, provided by EEN.

<sup>2</sup> In the National Strategic Reference Framework (2007) the Netherlands is divided into four regions: the North (provinces of Groningen, Friesland, Drenthe), the West (provinces of Flevoland, Noord-Holland, Utrecht, Zuid-Holland), the South (provinces of Noord-Brabant, Limburg, Zeeland) and the East (provinces of Overijssel, Gelderland).

Economic growth resumed in mid-2009. In 2010, the recovery gathered pace relatively slowly, led by world trade and the rebuilding of stocks. Industrial production and capacity utilisation in 2011 are close to pre-crisis levels, reviving business investment.

**Table A – Key figures for the Netherlands (annual % change) <sup>3</sup>**

	2008	2009	2010
Gross domestic product (GDP)	1.9	-3.9	1.7
Relevant world trade volume	1.6	-13.7	11.3
Gross fixed investment	7.1	-18.2	-1.6
Private consumption	1.1	-2.5	0.4
Public demand	3.0	4.0	0.9
Purchasing power	0.1	1.8	-0.4
Production	1.7	-5.4	1.6
Labour productivity	0.5	-3.1	3.5
Employment	1.2	-2.4	-1.8
Unemployment rate	3.1	3.7	4.5

Source: CPB (Central Economic Plan 2011)

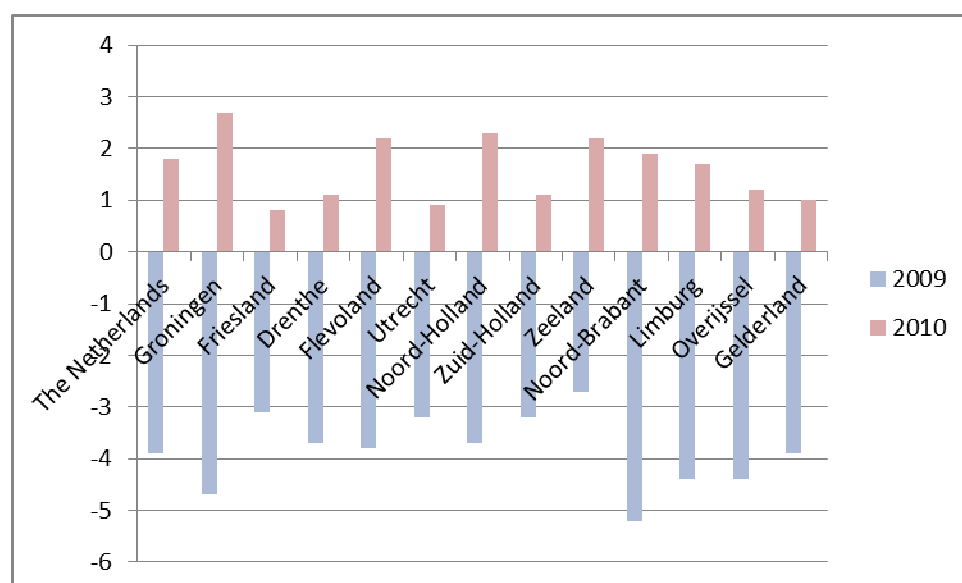
As in the majority of the rest of the world, the crisis has had a severe impact on the fiscal position of the Netherlands, based on key macro-economic figures for the period 2000–2010. The present minority government, which was installed in October 2010, has defined fiscal consolidation of government finances as one of its main priorities. The government is aiming to reach a balanced budget by 2015, and has adopted a consolidation plan with heavy cutbacks in current operational expenditures within the government administration.

Looking ahead, growth of the economy is expected to continue at a slow rate in the coming years, according to forecasts by the independent Netherlands Bureau for Economic Policy Analysis (CPB, 2011). Growth is expected to be 1.7% of GDP in 2011 and 1.5% in 2012, bringing GDP back to its pre-crisis level in mid-2012, although not to where it would have been in the absence of the crisis (i.e. 3–4 years growth have been lost). Growth is expected to be primarily driven by exports. Unemployment rate is forecasted to fall to 4% in 2012. These figures indicate that recovery is taking hold but these are still only forecasts and there are many uncertainties that could potentially harm growth.

### **Regional disparities and development**

Contrary to most other European countries, there are no major regional disparities in GDP per head in the Netherlands.

<sup>3</sup> This figure shows, in terms of percentage the mutations per year per cent.

**Figure 1 – Regional economic growth in the Netherlands (GDP, volume changes)**

Source: CBS, 2011

There have also been no major differences in regional growth rates. In 2010, all regions experienced modest economic recovery. Nevertheless, there were some differences, if small, with not only the more rural and peripheral regions such as Friesland and Drenthe showing regional growth rates below average, but also Zuid-Holland and Utrecht, which are traditionally major engines of growth.

The economic crisis has not affected the funding available for supporting regional development, despite the current policy of fiscal consolidation of government finances at national level.

## **2. THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND POLICY ACHIEVEMENTS OVER THE PERIOD**

### **THE REGIONAL DEVELOPMENT POLICY PURSUED**

#### **Main points of 2010 country report**

- The four regional Competitiveness and employment programmes have the same overall priorities and because of their focus on the Lisbon-agenda they connect perfectly with the national agenda of supporting innovation.
- As regards regional development, EU funding acts like a multiplier, certainly in respect of innovation.
- There have not been any modifications as yet in the relative importance of the different priorities. Only in the Northern region has an adjustment been made as a result of the European Economic Recovery plan, which was a response to the crisis.

- In 2006, the main focus in regionally-based programmes shifted from reducing economic deficits to stimulating economic opportunities. The intention is for each region to focus on economic clusters in which they excel. The national aim of Cohesion Policy is to strengthen national competitiveness (NSR, 2007).
- In total EUR 830 million of the ERDF was allocated for the whole period 2007–2013. Table C shows that half the ERDF is allocated to priority axis 1: innovation, entrepreneurship and the knowledge economy, and a quarter to each of the other two axes. This division roughly applies to all the regions.
- The Netherlands participates in 4 European cross-border cooperation programmes (objective 3), with a total financing of EUR 287 million from the ERDF. In these programmes the first priority as for other programmes, is economy, knowledge, technology and innovation. Table E shows that 57% of the total ERDF is allocated to this priority. Other priorities are related more to the environment (priority 2) and social facilities (priority 3).
- Each region receives a budget according to its size in terms of population and the division of funding is in line with the overall emphasis on innovation, entrepreneurship and the knowledge economy. There are different emphases between regions in the division of funding between ‘attractive regions’ (priority 2) and ‘attractive cities’ (priority 3), though this largely reflects the degree of urbanisation of regions.
- The four CBC programmes had a slow start, with priority 2 in particular lagging behind schedule. This resulted in a de-commitment under the N+2 rule. As a result of an adjustment to the regulation, the de-committed amount has been reallocated to other programmes.

## POLICY IMPLEMENTATION

### Main points of 2010 country report

- By the end of 2009, the ERDF resources available had been committed to a total of 600 projects. The implementation of these was on schedule. Of a total operational budget of EUR 1.9 billion, 87% had already been committed to projects.
- The evidence on certified eligible expenditure indicated that the expenditure rate was low; many projects which have been approved were not yet implemented.

The main success story as regards implementation concerns ‘Innovation, entrepreneurship and knowledge economy’ (priority 1). The overall picture that emerges from the NSR (2010) and the AIRs (2010) is that after a slow start at the beginning of the period, mainly because of late approval of the Operational Programmes, the regions are making relatively good progress in developing and implementing the various kinds of project, despite the global crisis and unfavourable economic circumstances. Table B shows that in The Netherlands, 953 projects have been agreed, 75% of these under priority 1, which is aimed at strengthening innovation, technology and the knowledge economy (enterprise environment).

This is in line with the allocation of ERDF funding. EU funding supports the development of economic clusters in life sciences, high-tech, water, logistics, etc.

**Table B – Total number of projects per priority until 2010**

	Netherlands	North	West	South	East	The Nederland– Germany	Euroregion Meuse – Rhine	Flanders – The Netherlands <sup>4</sup>	2 Seas
Total	953	106	125	423	80	81	42	48	48
Priority 1	635	71	63	377	49	30	27	–	18
Priority 2	139	24	21	24	23	25	7	–	15
Priority 3	131	11	41	22	8	26	8	–	15

Source: AIR 2010

The various ERDF programmes are on schedule, with respect to both finance and content. Table C shows that from a total budget of EUR 1.9 billion 113% have already been committed to projects.

The “over-commitment” is due to the overwhelming number of projects in the North and South programmes, particularly in priority 1 and 2 areas. Priority 3 lags behind with a commitment rate of 77%. However, the implementation rate calculated on the basis of certified expenditure shows another picture. The rate is only 13% well below the commitment rate. This is in part a consequence of the economic crisis.

<sup>4</sup> In the Cross border programme Flanders – The Netherlands, no distinction is made between the various priorities.



**Table C – Allocation and commitments, overall and ERDF, expenditure and implementation rate by priority at end-2010**

<b>Total</b>	<b>Total</b>	<b>North</b>	<b>West</b>	<b>South</b>	<b>East</b>
Operational budget (EUR million)	1,969	373	770	462	363
Total budget committed (EUR million)	2,231	687	660	584	300
ERDF–budget (EUR million)	830	169	311	186	164
Total ERDF–budget committed (EUR million)	617	162	210	155	90
Certified eligible expenditure (EUR million)	261	52	89	71	38
Implementation rate (Certified ex./Op. budget) (%)	13	14	13	15	10
Commitment rate (Committed/Op. budget) (%)	113	184	86	126	83
Implementation (Committed ERDF/Budget ERDF) (%)	74	96	68	83	55
<b>Priority 1</b>	<b>Total</b>	<b>North</b>	<b>West</b>	<b>South</b>	<b>East</b>
Operational budget (EUR million)	1,003	190	369	232	212
Total budget committed (EUR million)	1,318	423	367	330	198
ERDF–budget (EUR million)	431	95	148	93	95
Total ERDF–budget committed (EUR million)	347	88	105	90	64
Certified eligible expenditure (EUR million)	161	32	49	41	35
Implementation rate (Certified ex./Op. budget) (%)	16	17	14	18	17
Commitment rate (Committed/Op. budget) (%)	131	223	99	142	93
Implementation (Committed ERDF/Budget ERDF) (%)	81	93	71	97	67
<b>Priority 2</b>	<b>Total</b>	<b>North</b>	<b>West</b>	<b>South</b>	<b>East</b>
Operational budget (EUR million)	435	85	134	116	100
Total budget committed (EUR million)	496	156	103	157	80
ERDF–budget (EUR million)	178	34	54	45	45
Total ERDF–budget committed (EUR million)	125	34	33	39	19
Certified eligible expenditure (EUR million)	28	7	3	14	0
Implementation rate (Certified ex./Op. budget) (%)	6	8	5	12	0
Commitment rate (Committed/Op. budget) (%)	114	184	77	135	80
Implementation (Committed ERDF/Budget ERDF) (%)	70	100	61	87	42
<b>Priority 3</b>	<b>Total</b>	<b>North</b>	<b>West</b>	<b>South</b>	<b>East</b>
Operational budget (EUR million)	464	85	242	99	38
Total budget committed (EUR million)	357	93	166	80	18
ERDF–budget (EUR million)	188	34	97	40	17
Total ERDF–budget committed (EUR million)	123	33	59	26	5
Certified eligible expenditure (EUR million)	71	12	37	16	3
Implementation rate (Certified ex./Op. budget) (%)	15	14	17	16	8
Implementation rate (Committed/Op. budget) (%)	77	109	69	81	47
Implementation (Committed ERDF/Budget ERDF) (%)	65	97	61	65	29

Sources: Various AIR 2010 of Competitiveness and employment programmes, OP's 2010

**Table D –Implementation rate by priority, 2009 and 2010 (%)**

Total	Total	North	West	South	East
Implementation rate (Certified ex./Op. budget) 2009	6.2	8.4	6.2	4.3	6.0
Implementation rate (Certified ex./Op. budget) 2010	13.0	14.0	13.0	15.0	10.0
Priority 1	Total	North	West	South	East
Implementation rate (Certified ex./Op. budget) 2009	6.8	8.4	6.8	3.5	8.9
Implementation rate (Certified ex./Op. budget) 2010	16.0	17.0	14.0	18.0	17.0
Priority 2	Total	North	West	South	East
Implementation rate (Certified ex./Op. budget) 2009	1.8	6.2	0.4	1.7	0.0
Implementation rate (Certified ex./Op. budget) 2010	6.0	8.0	5.0	12.0	0.0
Priority 3	Total	North	West	South	East
Implementation rate (Certified ex./Op. budget) 2009	9.0	11.1	9.0	7.5	8.4
Implementation rate (Certified ex./Op. budget) 2010	15.0	14.0	17.0	16.0	8.0

Because of the financial crisis, there was a decline in the demand for offices and houses. This resulted in a reduction in revenue for cities. As a consequence, cities have had to cut in their local budgets for investment projects. In addition, cities became also more cautious about long-term investments because of uncertainty and risk avoidance. Accordingly, agreed projects have been postponed or even cancelled. This is especially so in priority 2 and 3 areas, which include many public infrastructure projects, while priority 1 is more concerned with R&D (staff costs). Moreover, changes in regulations have resulted in a longer implementation time. Overall 74% of the ERDF budget is already committed to projects.

Half way through the programming period, the implementation rate, based on certified expenditure, is still very low. Table D shows an overall implementation rate of 13%.

The four Objective 3 programmes had an even slow start. During 2010 the programmes significantly improved their implementation, although certified expenditure still lags behind the committed budget as shown in Table E. Because of the economic crisis, cities have become more cautious with regard to long-term investment projects. We note that several investment projects have been postponed over more years because of uncertainty and risk avoidance. This has resulted in postponing already committed projects.

**Table E – Operational and committed overall and ERDF budget, expenditure and implementation rate by priority in the Cross-border programs by end-2010 <sup>5</sup>**

	Total	The Netherlands – Germany	Euregion Meuse – Rhine	Flanders – Netherlands	2 Seas
Operational budget (EUR million) <sup>6</sup>	-	294	144	190	-
Total budget committed (EUR million)					
ERDF-budget (EUR million)	463	139	72	95	157
Total ERDF-budget committed (EUR million)	322	93	65	82	82
Certified eligible expenditure (EUR million)	126	41	26	29	30
Implementation rate (certified exp./operational budget)	-	14%	18%	15%	-
Commitment rate (committed/operational budget)	-	-	-	-	-
Implementation rate ERDF (budget committed/ERDF budget)	70%	67%	90%	86%	-
<b>Priority 1</b>	<b>Total</b>	<b>The Netherlands – Germany</b>	<b>Euregion Meuse – Rhine</b>	<b>Flanders – Netherlands</b>	<b>2 Seas</b>
Operational budget (EUR million)	-	176	94	95	-
Total budget committed (EUR million)					
ERDF-budget (EUR million)	233	80	47	47	59
Total ERDF-budget committed (EUR million)	159	45	41	38	35
Certified eligible expenditure (EUR million)	63	18	13	17	15
Implementation rate (certified exp./operational budget)	-	10%	14%	18%	-
Commitment rate (committed/operational budget)	-	-	-	-	-
Implementation rate ERDF (budget committed/ERDF budget)	68%	56%	87%	81%	-
<b>Priority 2</b>	<b>Total</b>	<b>The Netherlands – Germany</b>	<b>Euregion Meuse – Rhine</b>	<b>Flanders – Netherlands</b>	<b>2 Seas</b>
Operational budget (EUR million)	-	50	26	46	-
Total budget committed (EUR million)					
ERDF-budget (EUR million)	102	25	13	23	41
Total ERDF-budget committed (EUR million)	75	17	12	22	24
Certified eligible expenditure (EUR million)	23	8	3	7	5
Implementation rate (certified exp./operational budget)	-	16%	12%	15%	-
Commitment rate (committed/operational budget)	-	-	-	-	-
Implementation rate ERDF (budget committed/ERDF budget)	74%	68%	92%	96%	-

<sup>5</sup> Note that financial information about the ERDF budget is available only for the 2 Seas programme and not about the operational budget. It is therefore not possible to calculate the implementation rate.

<sup>6</sup> Note that the financial tables available at the Evalnet website do not contain information for the cross-border programmes.

Priority 3	Total	The Netherlands – Germany	Euregion Meuse – Rhine	Flanders – Netherlands	2 Seas
Operational budget (EUR million)	-	50	16	38	-
Total budget committed (EUR million)					
ERDF-budget (EUR million)	97	25	8	19	45
Total ERDF-budget committed (EUR million)	69	23	8	16	22
Certified eligible expenditure (EUR million)	25	10	6	3	6
Implementation rate (certified exp./operational budget)	-	20%	38%	8%	-
Implementation rate (committed/operational budget)	-	-	-	-	-
Implementation rate ERDF (budget committed/ERDF budget)	71%	92%	100%	84%	-

Sources: Various Annual Implementation Reports 2010 & OP's 2010

**Table F – Allocated ERDF budget in committed projects by policy area**

	Total	North	West	South	East
<b>Total ERDF allocated (EUR million)</b>	<b>830.0</b>	<b>169.4</b>	<b>310.6</b>	<b>185.9</b>	<b>164.1</b>
<b>Total ERDF committed in projects (%)</b>	<b>94.5</b>	<b>96.0</b>	<b>68.0</b>	<b>88.0</b>	<b>55.0</b>
<i>Enterprise environment (%)</i>	<i>40.1</i>	<i>50.8</i>	<i>32.0</i>	<i>47.4</i>	<i>35.9</i>
RTDI and linked activities (EUR million)	104.8	26.1	23.7	22.4	32.6
Support for innovation in SMEs (EUR million)	205.5	58.3	64.0	57.4	25.9
Other investment in firms (EUR million)	17.3	1.3	7.1	8.4	0.5
ICT and related services (EUR million)	4.8	0.4	4.4	0.0	0.0
<i>Human Resources (%)</i>	<i>2.1</i>	<i>2.5</i>	<i>3.1</i>	<i>1.1</i>	<i>7.2</i>
Education and training (EUR million)	11.2	4.2	4.7	1.4	0.9
Labour market policies (EUR million)	5.8	0.0	5.0	0.6	0.0
<i>Transport (%)</i>	<i>5.5</i>	<i>0.9</i>	<i>2.4</i>	<i>12.6</i>	<i>7.9</i>
Rail (EUR million)	1.0	1.0	0.0	0.0	0.0
Road (EUR million)	18.5	0.0	1.5	9.2	7.8
Other (EUR million)	26.1	0.6	6.1	14.2	5.2
<i>Environment and energy (%)</i>	<i>5.8</i>	<i>6.5</i>	<i>7.9</i>	<i>4.0</i>	<i>3.1</i>
Energy infrastructure (EUR million)	26.1	1.8	16.7	6.3	1.4
Environmental infrastructure (EUR million)	21.8	9.2	7.8	1.1	3.6
<i>Territorial development (%)</i>	<i>19.3</i>	<i>31.1</i>	<i>20.5</i>	<i>18.2</i>	<i>6.1</i>
Tourism and culture (EUR million)	95.5	39.7	33.4	18.2	4.1
Planning and rehabilitation (EUR million)	1.4	0.0	0.0	0.0	0.0
Social infrastructure (EUR million)	2.6	0.1	0.0	0.8	1.7
Other (EUR million)	60.7	12.7	29.6	14.9	3.6
<i>Technical assistance (%)</i>	<i>3.5</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>1.3</i>
	28.8	6.8	12.4	7.4	2.1

Table F shows that 40% of the total allocated budget is committed to the enterprise environment. All programmes have allocated and committed a major share to supporting enterprises. This is in line with the focus on innovation, entrepreneurship and knowledge

economy. Support for innovation in SMEs is particularly important. The mid-term review concluded that 60% of the budget was committed to the Lisbon goals (earmarking categories).

## **ACHIEVEMENTS OF THE PROGRAMMES SO FAR**

### **Main points of 2010 country report**

- The measures and projects being funded are in line with the policy objectives set, although it is not clear whether investment is caused by innovation or by the need to counter the economic crisis.
- It is hard to say whether output and results are in line with funding since the output and results reported are based on committed projects and not on their actual execution.
- Several reasons for divergences from planned output, reported by the regions, relate to the economic crisis, the nature of the projects developed, the long term development of projects.
- Several (in general less significant) problems are reported by the regions, such as closure of funds, the N+2 rule, estimation problems, definition problems.
- Standard measures of support are being used, mainly in the form of non-repayable grants.

**Table G – Aims and outcomes according to indicators, by priority and region by end-2010** <sup>7, 8, 9, 10, 11</sup>

	Total			North		West		South		East	
	2009	2010	total target	Targets	Expected output	Targets	Expected output	Targets	Expected output	Targets	Expected output
Priority 1											
Number of R&D projects	765	670	506	20	54	121	60	350	499	15	57
R&D investments (private) (EUR million)	223.5	401	178	20	76	48	109	100	142	10	74
R&D investments (public) (EUR million)	146	304	50	20	160			20	39	10	105
Induced private inv.(EUR million)	338.3	454	56		160	31	252			25	42
Support of start-ups (nr.)	3,296	5,626	758	60	366	268	2,061	250	2,661	180	538
Support of SME (nr.)	10,256	19,377	4,765	1,000	4,433	535	10,300	1,200	3,761	2,000	883
Number of collaborations	894	961	469	6	80	88	137	275	697	100	47
Gross employment creation (FTE)	15,851	22,286	6,030	1,500	6,331	3,120	5,189	510	8,349	900	2,417
Priority 2											
Induced private inv.(EUR million)	21	24	0	-	24						
Support of start-ups (nr.)	318	288	0	-	288						
Nr. of projects Nature/landscape	13	45	88	3	12	41	13	30	12	14	8
Nr. of projects Livability	7		0								
Nr. of projects Tourism	33	64	91	6	14	35	18	40	21	10	11
Nr. of projects Accessibility	158	244	180	150	225			20	10	10	9

<sup>7</sup> We only looked at the indicators from the Competitiveness and Employment programmes, because the Objective – 3 programmes do not report at the national level.

<sup>8</sup> Note that the Country report on achievements of Cohesion Policy 2009 contains certain inaccuracies with regard to the targets and expected outcomes, which causes a distortion (e.g. priority 3 nr. of projects tourism, priority 2 Support of start-ups (nr.) and Induced private inv.(EUR million)).

<sup>9</sup> Note that the various Annual reports for 2010 report differently regarding the aims and outcomes. Some regions report only priority based, while others only mention only cumulative amounts. Moreover not all programmes used the same indicators. This makes it difficult to compare them.

<sup>10</sup> The total amounts for 2009 are those indicated in last year's report. The expected output is based on commitments until 31-12-2010, which can be found in the various annual reports of the OPs even as the mentioned targets (until 2013).

<sup>11</sup> Revision of indicators (see next page).

	Total			North		West		South		East	
	2009	2010	total target	Targets	Expected output	Targets	Expected output	Targets	Expected output	Targets	Expected output
Restructuring industrial sites (ha.)	670	985	894	6	10	88	130	600	687	200	158
Nr. of projects Milieu	15	32	117	3	4	104	18	10	10		
Nr. of projects alternative transport	4	6	10							10	6
Nr. of projects renovation urban fac.	7	12	25							25	12
Gross employment creation (FTE)	3,121	4,270	3,340	500	2,187	1,340	879	250	940	1,250	264
Priority 3											
Support of start-ups (nr.)	5	35	30							30	35
Support of SME (nr.)	20	70	30							30	70
Induced private inv.(EUR million)	4,9	7	0	-	7						
Nr. of projects Tourism	1		0								
Restructuring industrial area's (ha.)	0	0	0								
Restructuring industrial loc. (sq.m.)	15,800	253	352	150	0	146	55	36	198	20	0.48
Nr. of project Entrepreneurship	25	44	110			35	32	50	9	25	3
Nr. of projects Livability	17	88	149			84	35	40	47	25	6
Nr. of projects renovation urban fac.	44	72	93	5	7	40	46	48	19		
Gross employment creation (FTE)	359	2,556	3,165	500	151	2,420	2,189	220	194	25	22

Sources: various Annual Implementation Reports 2010, OP's.

The overall picture that emerges from Table C is that in general, after a slow start-up of the programmes at the beginning of the period, regions are making much progress. However, the table takes only into account the expected output from committed projects and not the already outputs achieved.

Table G shows that there was progress in 2010 in meeting the targets. For several indicators the achievements exceed the targets set to a large extent. This could be an indication that the targets were set too low. However, there is no evidence in the AIRs that this is the case. Following the AIRs, it is more likely that this is the result of the overwhelming numbers targeted indicators within the projects agreed under priority 1. The achievement of targets seems to be in line with the over-committed total budgets. Again, it should be noticed that the figures in Table G are based on expected outcomes. Due to lack of relevant information on actual outcomes and results in the AIRs, it is difficult to provide a more accurate picture of achievements.

Table C indicates that achievements under priority 2 and 3 are lagging behind the targets set, particularly in the West and East regions. Projects under these priorities are closely related to public infrastructure, but because of the economic and financial crisis, the willingness of public partners to invest in long-term projects diminishes because of a concern to avoid risk, which has resulted in projects being postponed for several years.

It has been decided at national level to review all indicators for priority 2 because of their unreliability due to differences in definitions and methodology. At present all Competitiveness and employment programmes are re-examining their targets and outcomes.

As compared with the position at the end of 2009, there was an increase in achievements and most targets are now met half way through the programming period. Nevertheless, commitments under priority 2 and 3 are lagging behind.

#### *CBC Programmes*

There is lack of a clear qualitative description of the programme outcomes (in terms of regional impact) in the AIRs. Moreover, there is no quantitative evidence available elsewhere which can be used to verify the achievements of the programmes. The mid-term evaluations (see chapter 4) which will provide more quantitative information are scheduled to deliver reports to the Monitoring Committees by autumn 2011. At the same time, as noted below, it should be kept in mind that the effect of the ERDF on public finances is very small (around 0.1% of Dutch GDP).



**Table H – Indicators, outcomes and results**

<b>Policy area</b>	<b>Main indicators<sup>12</sup></b>	<b>Outcomes and results (physical outcomes)<sup>13</sup></b>
Enterprise support and RTDI	Number of R&D projects	670
	R&D investments (private) EUR million	401
	R&D investments (public) EUR million	304
	Induced private inv.(EUR million)	485
	Support of start-ups (nr.)	5,949
	Support of SME (nr.)	19,447
	Number of collaborations	961
	Gross employment creation (FTE)	29,112
Human Resources (ERDF only)	–	–
Transport and telecommunications	Nr. of projects Accessibility	244
	Nr. of projects alternative transport	6
Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development)	Nr. of projects Nature/landscape	45
	Nr. of projects Livability	149
	Nr. of projects Tourism	64
	Restructuring industrial sites (ha.)	985
	Nr. of projects Environment	32
	Nr. of projects renovation urban fac.	18
	Restructuring industrial area's (ha.)	213
	Restructuring industrial loc. (m <sup>2</sup> )	5,053

### 3. EFFECTS OF INTERVENTION

#### Main points of 2010 country report

- No mid-term or ex-post assessments has been made at either national or regional level or at the level of operational programmes. It is therefore difficult to determine whether EU funding contributes economic growth or increasing innovation in the regions where investment takes place. Moreover it is hard to decide whether or not the OPs are on schedule and in line with regional, national and EU aims. The amount and diversity of projects makes it hard to make individual assessments of the effects at project level.

As far as we know there has not been a study which attempts to measure the effects of ERDF on the region or on economic regional development. In short, there is no quantitative evidence on the regional impact of the ERDF.

The AIRs are all very positive about the progress in implementing the programmes in 2010. However, there is no qualitative or quantitative assessment on the impact of the programmes which makes it difficult to draw any conclusions in this regard. However, the indicators (Table G) give the impression that ERDF financing contributed to strengthening the economic capacity of the regions, in particular in respect to RTDI and SMEs. Support in

<sup>12</sup> Based on the categorization tables from the Annual OP reports.

<sup>13</sup> Results are based on the various Annual reports from the OPs 2010.

this area is expected to create (gross) 29,112 full-time equivalent jobs, support 20,000 SMEs and 5,949 start-ups. Moreover, it is estimated to induce private investment of EUR 454 million.

In addition, Table C shows committed ERDF resources of EUR 617 million in relation to a total committed budget of EUR 2,231 million. This means that every EU funded EUR generates a national public and private contribution of EUR 3.6.

On the other hand neither the AIRs nor the Mid-term review provide evidence that the expenditure financed is having the intended effects in the different policy areas (see below). And there is no evidence in the annual reports that EU support under Cohesion Policy is helping regions to respond to major long-term challenges (such as the increased competition resulting from globalisation, demographic change, climate change and energy security).

## **4. EVALUATIONS AND GOOD PRACTICE IN EVALUATION**

### **Evaluation strategy**

There is a coherent strategy in place for evaluating the Dutch Competitiveness and Employment programmes.

The four programmes have scheduled an overall mid-term evaluation for all programmes together (see country report 2010), in cooperation with the responsible Ministry of Economic Affairs. It is to be said that evaluations of the Structural Funds are being seen as an obligatory task based on the Regulation, instead of something which generates added value. On one hand, the strategy chosen is a result of the minor budgetary impact of the ERDF. On the other hand, the approach adopted is also stimulated by the Dutch Parliaments reserved opinion on the Structural Funds (see report Task 1 2011).

There is evaluation capacity in the Netherlands. Evaluations are mainly carried out hired experts. The Technical Assistance plans have foreseen a budget for this purpose.

**Table I – Schematic evaluation plan operational programmes (Competitiveness and employment) 2007–2013**

Evaluation plan	When	Scope	Research questions
Ex ante	2007		
Guidelines indicators	March 2009		1. What are realistic values for a calculation of expected numbers of jobs? 2. What are adjustment factors for calculation of gross versus net jobs?
Program specific (theme) evaluations	From 2010 (when OP is being changed)	Thematic and concrete for foundation for adjustments in OP	1. Are program targets realized? 2. Are there reasons to change the program, and if what will be the changes?
National Strategic Report	End 2009	All four operational programs	– Realization of targets and aims (national and regional)? – Commitment partners and industries? – Lisbon earmarking? – Visibility of results?
Evaluation of organization, control and institutional arrangements Structural funds	First half of 2010		– Does the audit organization and coordination meet the aims that are set in the beginning? – Are there adjustments necessary? – Are national guidelines and rules sufficient? Are there adjustments necessary?
Evaluation of ERDF	Second half of 2010	All four operational programs	Midterm review with the main question if the programs are on schedule? What are the differences between the ex-ante evaluation and the current programs?
National Strategic Report	2012	All four operational programs	– Realization of targets and aims (national and regional)? – Commitment partners and industries? – Lisbon earmarking? – Visibility of results?
Ex Post	To be seen		

Source: Country report 2010 (and 2011 in interviews confirmed by Dutch Objective 2 management authorities)

As indicated below, the evaluation questions in the mid-term review and the approach is not based on scientific principles, but are more the result of a pragmatic and political correct discussion by the 4 MA's. Integration into the policy-making process is more a political issue as well, which depends on the attractiveness and acceptance of the evaluation findings.

**Table J – Evaluations**

<b>Title and date of completion</b>	<b>Policy area and scope</b>	<b>Main objectives</b>	<b>Main findings</b>	<b>Full reference or link to publication</b>
Midterm review ERDF Competitiveness and employment 2007–2013 in the Netherlands,  Completed 14–02–2011,  Based on data per October 2011.	ERDF Competitiveness and employment, all 4 Dutch programmes	Examination of the progress made in implementing the programmes and results achieved,  Examination of the financial progress,  Examination of the governance,  Examination of the communication plans.	Most output–indicators and outcome–indicators are being reached. Set values for targets and realisations are to be discussed, they seem to lack sound methodology. 60% of the budget is committed to the Lisbon–goals. Per October 2010 already 69% of the ERDF–budgets are committed to beneficiaries, Payment claims are at 9,77% of the budgets. Governance is functioning well, with some remarks to the selection processes. Audit procedures are too much and too strict. Communication is implemented well, good cooperation of the four programmes and the national MS–coordinator.	Report published on DG REGIO–site: <a href="http://ec.europa.eu/regional_policy/source/s/docgener/evaluation/evaluated/evaluations/netherlands/files/1102_midterm_obj2_sum_nl.pdf">http://ec.europa.eu/regional_policy/source/s/docgener/evaluation/evaluated/evaluations/netherlands/files/1102_midterm_obj2_sum_nl.pdf</a>

**Comments of the independent expert on evaluations:**

The midterm review covered the four Competitiveness and Employment programmes in the Netherlands in one joint evaluation. The evaluation was carried out in the second half of 2010 and was finalised early in 2011. The evaluation questions focussed on four main features:

1. implementation in relation to goals,
2. implementation in relation to budgets,
3. governance,
4. communication.

Included in the research were the Operational Programmes, the communication plans, statistical data from the programmes on indicators and budgets, and interviews with stakeholders (i.e. Managing Authority, Certifying Authority, Audit Authority, Monitoring Committee, steering committees) and a survey among beneficiaries.

No attention is paid to the alignment of Cohesion Policy with other policies; the evaluation was isolated from the broader policy context. It was approached without looking at the complementarity with other policy instruments. It was based on a “stand alone”–approach towards ERDF–policy in the Netherlands. The contribution of the projects selected to the Lisbon–goals is part of the report (with 60% on track); the superficial analysis is restricted to the financial data for ‘categories of expenditure’ (Annex IV to Regulation (EC) 1083/2006) linked to the Lisbon–goals.

*With regard to implementation of goals:*

The main finding is that all programmes are well on track in achieving the goals set, measured by commitments in relation to indicators. Several indicators are significantly overcommitted, even up to 1,000% or more above the target set, but no analysis is provided on the background to the targets set at programme level or at project level or on the measurement of indicators in the projects carried out. No further insight is given into the content of projects and their value added as regards OP goals.

*With regard to financial progress:*

The analysis is limited to reproducing the number of commitments and payment claims. Almost 70% of the budgets are committed to selected projects, only 10% of the budget had been spent based on certified expenditure. However, this information is not placed within the financial timeframe for the programming period (e.g. expenditure versus N+2 threshold). Nor is any insight provided into causes or circumstances.

*With regard to governance:*

All programme bodies are performing well. Critical notes are made on project selection systems (beneficiaries represented in steering committees, budget partitions allocated to sub-regions) and on audit procedures (too strict, time consuming, pending interpretations).

*With regard to communication:*

Communication is carried out in compliance with EC Regulations but it is perceived as an obligation rather than an opportunity. Best practice is represented by the joint website [www.europaomdehoek.nl](http://www.europaomdehoek.nl) (*Europe around the corner*), which shows all the projects financed by the Structural Funds Competitiveness and Employment ESF & ERDF, Cross Border Cooperation ERDF) in the Netherlands. (A small remark is that the communication is more activity-based than based on a long term coherent strategy.)

**Plans for remainder of the programming period**

For the Competitiveness and Employment programmes the table as presented in the country report 2010 represents the planning. The evaluation on management and control systems is postponed, chronologically placing it after the (more superficial) analysis in the midterm review (evaluation question 3). At the time of writing it is a work in progress and the main findings are to be presented in the 2012 annual report.

For the Objective 3A-programmes there are separate evaluations being carried out in 2011:

- Euroregion Meuse-Rhine (2007CB163PO001\_NL) on internal capacity, participating in 'professor evaluation' initiated by EC and INTERACT.
- Germany – Netherlands (2007CB163PO023\_DE) a midterm review executed on internal capacity.
- Two seas region (2007CB163PO038\_FR) an ongoing evaluation, executed on internal capacity.

- Border region Flanders – Netherlands (2007CB163PO065\_BE) a midterm review executed by external experts based on a tender.

All evaluations are scheduled to deliver reports to the Monitoring Committees by autumn 2011. The main findings are to be presented in the 2012 annual report.

With the evaluations scheduled, all programmes are covered. If carried out on the basis of a proper methodology and with regard to the objectives and SWOT-analysis of the Operational Programmes, all important policy areas should be covered.

### **Good practice**

The midterm review does not exemplify good practice. The most relevant evaluation question is missing (i.e. “Do the selected projects contribute to the goals of the OP?”), essential issues are not covered (f.e. N+2, reliability of data), no methodology is provided in the report and crucial analysis cannot be found (e.g. analysis of progress on achieving goals [indicators] versus progress on budgets).

The external evaluators of Berenschot have answered the questions, prescribed to them by the authority awarding the contract (i.e. Dutch Ministry of Economic Affairs, in partnership with the four MA's), within the given preconditions of budget and timeline. So it should be stated that the shortcomings described above are mainly due to the originator rather than the contractor.

This perhaps relates directly to the observation above that evaluating the programmes is seen as an obligation by the MAs.

## **5. CONCLUDING REMARKS – FUTURE CHALLENGES**

### **Main points of 2010 country report**

- The conclusion in the 2010 report was that EU funding meets the needs of regions in supporting regional development through many interesting projects that could enhance opportunities for the regions concerned.
- The assessment, however, is mainly based on project commitments which show a clear positive picture of the expected outcomes, if they become reality. Work is still to be done, mainly in priority 2 and 3 areas.
- Given the low implementation rate, a great deal of effort is still needed to implement the projects in practice.

### **Main findings of 2011**

- The main findings of 2010 are still valid.
- The overall picture that emerges is that in general, after a slow start of the programmes at the beginning of the period, regions are making much progress. However, this is based on the expected output from committed projects and not the actual output from

completed projects. The programmes, however, seem to be on schedule in relation to the financial timeframe for the programming period.

- It is clear that priority 1 is overwhelmed by project applications and that priority 2 and 3 are lagging behind. A reason for this might be the economic and financial crisis and its influence on the willingness of public authorities to invest in long term construction projects
- The indicators in the various programmes seem to suggest that a lot has been achieved. However, the indicators are not always reliable, which has led to a revision of them being launched.
- There has been no economic study on the regional impact of the ERDF in the Netherlands. This makes it hard to draw any conclusions in this respect. Moreover, the AIRs do not report on the regional impact of programmes or on the effects of the ERDF funded projects in regions. The link between the overall ERDF objective and the regional impact seems to be missing in the AIRs. Overall, the quality of the AIR is inadequate, lacking both quantitative and qualitative evidence.
- Although the regional progress reports that a lot of progress has been made based on the indicators, it should be pointed out that the ERDF budget amounts to only 0.1% of GDP.
- A future challenge for the various programmes is to spend the budget allocated and committed within the programming period. In addition, there is a clear challenge as regards reporting. There is a need to report on the regional effect and impact of ERDF, based on qualitative and quantitative evidence.

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  - BE-NL 2007CB163PO065\_BE
- Annual Implementation Reports for the (eight) aforementioned programmes (2010)
- Mid-term review ERDF – Objective 2, 2007 – 2013, Berenschot, 2011

## INTERVIEWS

### Managing Authorities – Objective 2 Programmes

- Martijn Panjer, Province of Gelderland, MA East
- Casper Kronenberg, Kansen voor West, MA West,
- Pieter Liebregts, Province of North-Brabant (Stimulus), MA South.
- Roelof Jansma, SNN, MA North

### Managing Authorities – Objective 3 Programmes

- Peter-Paul Knol & Martijn Spaargaren, MA Germany – The Netherlands
- Lyke Bosma, MA 2 Seas
- Björn Koopmans & Isabelle Jeanfils, MA Euregio Meuse – Rhine



## TABLES

See Excel file for Tables 1–4:

Table 1 – Regional disparities and trends

Table 2 – Macro-economic developments

Table 3 – Financial allocation by main policy area

Table 3 CBC – Financial allocation by main policy area

Table 4 – Commitments by main policy area (by end-2010)

Table 4 CBC – Commitments by main policy area (by end-2010)

### Annex Table A – Main priorities in regional development policy 2007–2013 – Competitiveness and employment programmes

Type	Total allocation	%	North	South	East	West
	EUR million		EUR million	EUR million	EUR million	EUR million
Total	1,968.6	100.0	372.7	462.4	363.2	770.3
ERDF	830.0	42.0	169.4	185.9	164.1	310.6
National–public	963.2	49.0	187.5	206.8	176.0	392.8
National–private	175.4	9.0	15.8	69.7	23.1	66.9
Priority 1	1,003.1	100.0	189.7	232.3	211.7	369.3
ERDF	430.8	43.0	94.9	93.0	95.3	147.7
National–public	422.8	42.0	80.6	69.7	95.3	177.3
National–private	149.4	15.0	14.2	69.7	21.2	44.3
Priority 2	435.4	100.0	84.7	116.2	100.3	134.2
ERDF	178.0	41.0	33.9	45.3	45.1	53.7
National–public	248.6	57.0	50.1	70.9	55.2	72.5
National–private	8.8	2.0	0.8	0.0	0.0	8.1
Priority 3	463.7	100.0	84.7	99.1	38.1	241.9
ERDF	188.0	41.0	33.9	40.2	17.1	96.8
National–public	258.6	56.0	50.1	58.9	19.0	130.6
National–private	17.2	4.0	0.8	0.0	1.9	14.5

**Annex Table B – Main priorities in regional development policy 2007–2013 – Cross border cooperation programmes**

Type	Total Allocation		Netherlands– Deutschland	Euregio Meuse – Rhin	Flanders – The Netherlands	2 Seas
	EUR million	%	EUR million	EUR million	EUR million	EUR million
Total			293.9	144.1	189.7	
ERDF	462.8	100.0	138.7	72.0	94.9	157.2
National– public			137.7	66.4	78.2	
National– private			17.6	5.6	16.7	
Priority 1			176.5	93.7	94.9	
ERDF	174.7	38.0	80.4	46.8	47.4	59.0
National– public			79.4	42.1	37.9	
National– private			16.6	4.7	9.5	
Priority 2			49.9	25.9	45.5	
ERDF	60.7	13.0	25.0	13.0	22.8	40.8
National– public			25.0	12.2	18.2	
National– private			0.0	0.8	4.6	
Priority 3			49.9	15.8	37.9	
ERDF	51.9	11.0	25.0	7.9	19.0	44.8
National– public			24.0	7.8	16.3	
National– private			1.0	0.2	2.7	