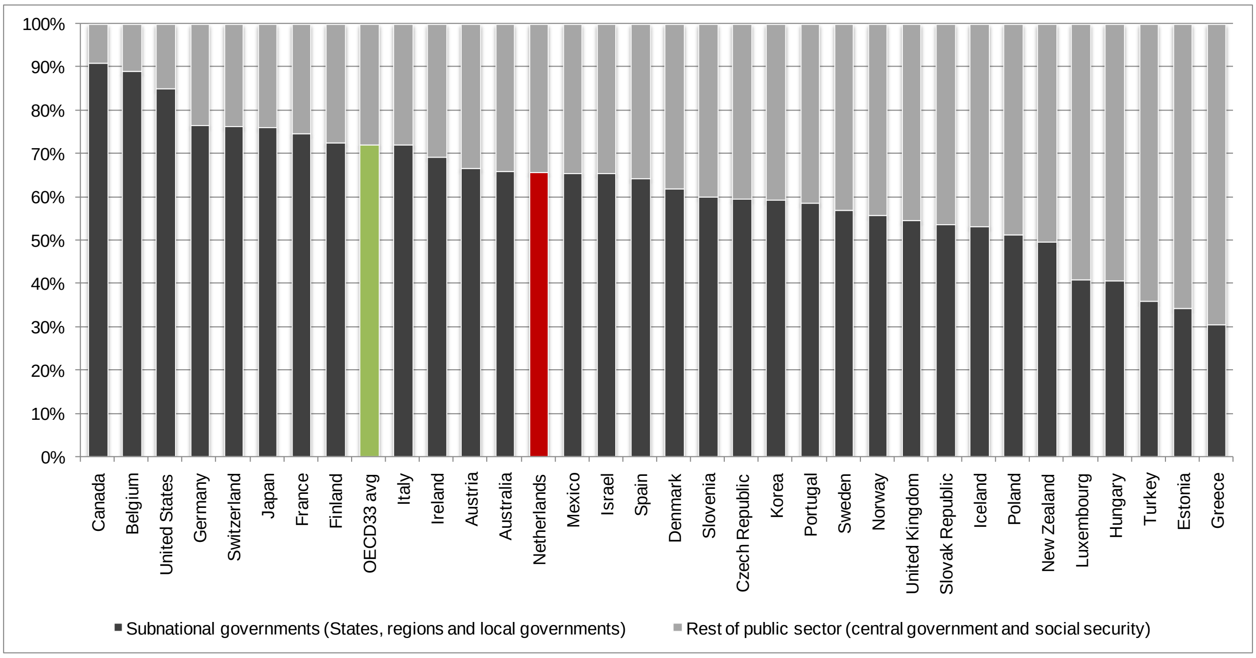
Country Fact Sheet

NETHERLANDS

Figure 1. Sub-national public direct investment in OECD countries, 2012

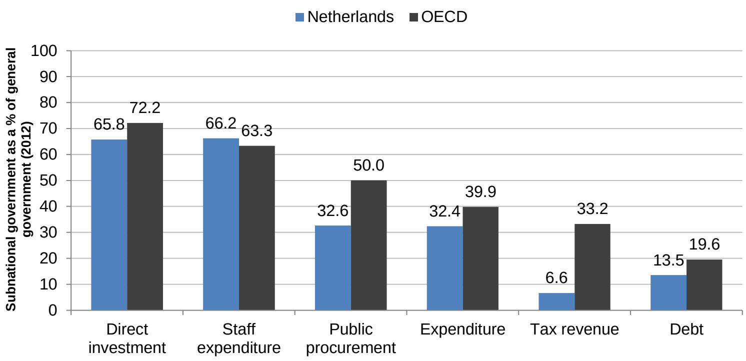
(as a share of public direct investment)



Note: Data for Australia, Mexico, Switzerland, the U.S., Israel, Japan, Korea, & Turkey from 2011; Data for Canada and New Zealand from 2010

Source: OECD National accounts

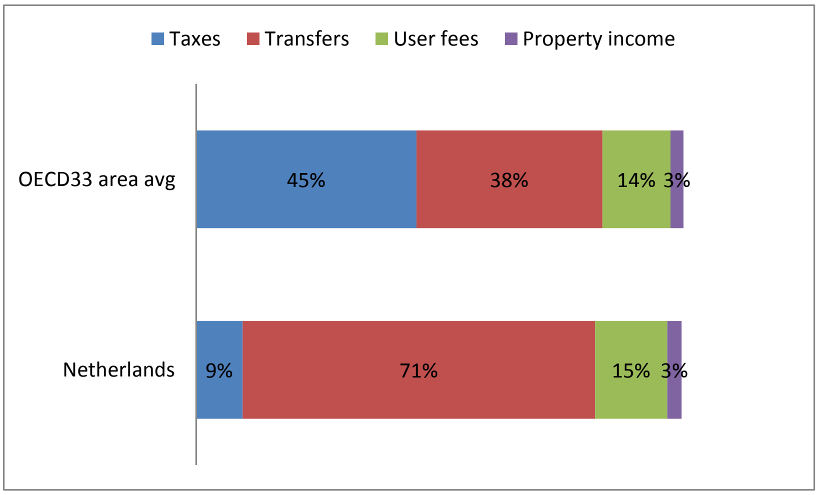
Figure 2. The role of sub-national governments in public finance in the Netherlands



Source: OECD (2013), *Subnational governments in OECD countries: Key data*

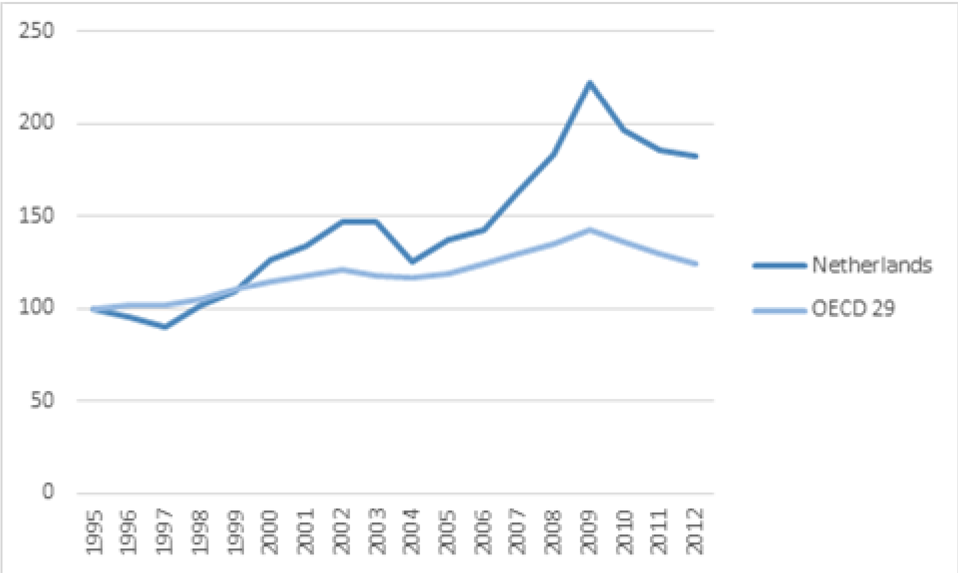
Sub-national investment represents 65% of total investment spending. Education and economic affairs are the two largest spending items for SNGs in the Netherlands: together they represent 46% of sub-national expenditure, compared to 40% in the OECD area.

Figure 3. Indicators of sub-national fiscal autonomy in the Netherlands



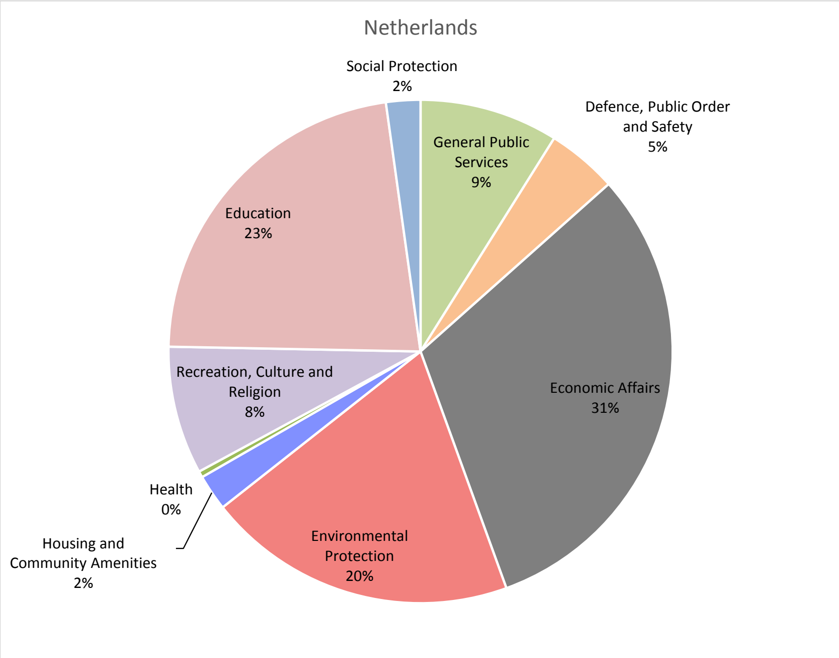
Source: OECD (2013), Subnational governments in OECD countries: Key data

Figure 4. Trends in sub-national investment in the Netherlands



Source: OECD National Accounts

Figure 5. Breakdown of sub-national investment in the Netherlands by economic function (% of total direct investment, average 2008-2012)



Source: OECD (2013), [*Subnational governments in OECD countries: Key data.*]

FACTS AND FIGURES RELATED TO PUBLIC INVESTMENT:	
General government public direct investment (USD billion), 2012	23.4
• Percent of GDP	3.2
• Percent of public expenditure	6.4
• In USD per capita	1 397
Sub-national government public direct investment (USD billion), 2012	15.4
• Percent of GDP	2.1
• Percent of sub-national public expenditure	13.1
• Percent of total public direct investment	65.8
• In USD per capita	919
INDICATOR SUBNATIONAL FISCAL ATONOMY	
• Tax revenues (2012) [Percentage in total sub-national revenues]	9%
• User fees (2012) [Percentage in total sub-national revenues]	15%
• Property income	3%
• Transfers (2012) [Percentage in total sub-national revenues]	71%
MAIN MECHANISMS FOR COORDINATING PRIOTISATION AND IMPLEMENTATION OF PUBLIC INVESTMENT BETWEEN NATIONAL AND SUB-NATIONAL LEVELS (2012)	
Vertical relations	
• Sectoral body in charge of national/sub-national co-ordination	No
• National body in charge of national/sub-national co-ordination;	Yes?
• Forum gathering sub-national governments	Yes
• Contractual arrangements across levels of government	Yes?
• National sectoral representatives appointed to sub-national levels	No?
• Regional Development Agencies	No
Horizontal relations	
• Mechanisms or incentives exist to encourage co-operation for public investment (horizontally) across sub-national authorities, 2012	
STRENGTHENING CAPACITIES FOR PUBLIC INVESTMENT AT DIFFERENT LEVELS OF GOVERNMENT	
• There is recognition of procurement officials as a specific profession, 2010	Yes
• Percent of general government procurement occurring at the sub-national level, 2011[(1)]	32%
• PPP unit(s) exist at the national (Nat'l) or sub-national (SN) levels	National
• Use of relative and/or absolute value-for-money (VFM) assessments of PPPs	Both
• Intergovernmental co-ordination mechanisms impose obligations in regulatory practice	Yes

Sources: OECD (2013), *Subnational governments in OECD countries: Key data*; OECD (2013), *OECD Regions at a Glance 2013*,; OECD (2013), *Government at a Glance 2013*; OECD (2012), Questionnaire: Multi-Level Governance of Public Investment, unpublished; OECD (2010), *Dedicated Public-Private Partnership Units: A Survey of Institutional and Governance Structures*; OECD (2009), "Indicators of Regulatory Management Systems, 2009 Report".

GOOD PRACTICE EXAMPLES IN THE NETHERLANDS

Principle	Good practice examples from different levels of government
Principle 1.	***Invest using an integrated strategy tailored to different places and coordinate across sectors***
Principle 2.	C*o-ordinate among levels of government*
	Platform of dialogue across levels of government Established in 1912 by 28 Dutch cities, the Association of Dutch Municipalities (VNG) has brought together all the Dutch municipalities since the 1950s. Its purpose is to represent the collective voice of the municipalities to central government and other institutions. The VNG puts an emphasis on mutual learning and exchange of experiences among the municipalities. Its highest decision-making body is the General Assembly, which gathers more than 3 000 representatives of municipalities at annual sessions. The Association of Dutch Municipalities's daily business is run by the board, which includes 11 representatives of local officials: mayors, aldermen, councillors, and administrative personnel. Specific matters are tackled by specialised standing policy committees. The Association has also set up Provincial Departments in each of the Dutch provinces with the aim of bringing municipalities' interests to the provincial level, negotiating with provincial authorities and sharing information on issues arising in the provinces. In addition, the Association represents the Dutch municipalities in supranational bodies, such as the EU Committee of the Regions. The Association of Provinces of the Netherlands (IPO) plays a similar role to the VNG, although it caters to the needs of the provinces. Its main mission is to represent the interests of the provinces in national and EU policy processes. Like the Association of Municipalities, the Association of Provinces also serves as a platform for exchange of information and best practice among the provinces. Source: OECD (2014) *Territorial Review of the Netherlands*, OECD Publishing, Paris.
Principle 3.	***Encourage effectiveness through cross-jurisdictional co-ordination***
	Territorial reforms to facilitate cross-jurisdictional coordination Territorial reforms in progress seek to reduce the number of provinces and municipalities and eliminate any intermediate administrative entity between the provinces and the municipalities. As a consequence, the former "city regions" should be abolished as for January 2015. In the cities of Amsterdam and Rotterdam the former city regions will be replaced by two transports authorities. The "old" city regions can choose to continue their cooperation – and possibly to transform it - on a voluntary basis if desired. For example, a project of new metropolitan region associating 24 municipalities around Rotterdam and The Hague ("Metropoolregio") is being considered. **Cross-border cooperation** An example of an initiative in this case is the Taskforce Cross-border collaboration, which is a joint initiative of the Netherlands, Germany and Belgium. It covers joint activities in innovation, co-ordination of structural funds, infrastructure, and labour markets. For improving cross-border labour market matching, better information channels, co-ordinated recognitions of diplomas, joint educational facilities, and removing institutional barriers to mortgages of cross-

	border commuters, are examples of joint activities. Source: OECD (2014), Regional Outlook 2014. Regions and Cities: Where Policies and People Meet. OECD Publishing, Paris and OECD (2014) *Territorial Review of the Netherlands*, OECD Publishing, Paris.
Principle 4.	***Use long-term and comprehensive appraisals for investment selection***
	Specific instruments for the selection of investment projects The Ministry of Infrastructure and the Environment has several criteria for selecting infrastructural projects to be (co-)funded by national government. One of them is the National Market and Capacity Analysis (NMCA). The NMCA investigates infrastructural bottlenecks. It indicates where infrastructure capacity is not expected to be sufficient to reach the goals of National Policy Strategy for Infrastructure and Spatial Planning (i.e. the target values for traveling time), taking into account the expected development of mobility. Figure 2.2 shows bottlenecks which are expected to occur on national roads, national waterways, and regional/local public transport in 2028 in the low economic growth scenario, provided that all projects of the MIRT project book 2014 have been implemented, including the High-Frequency Rail Transport Programme. Source: OECD (2014) *Territorial Review of the Netherlands*, OECD Publishing, Paris.
Principle 5.	***Engage public, private and civil society stakeholders throughout the investment cycle***
Principle 6.	***Mobilise private actors and innovative financing arrangements to diversify sources of funding and strengthen capacities***
	Meeting between the Prime Minister's Cabinet, the ministry of the Interior, Authority for Financial Markets, the Dutch National Bank and municipalities to discuss obstacles for public-private investments There is a regular meeting (called "Catshuisoverleg") between the Prime Minister's Cabinet, the ministry of the Interior, Authority for Financial Markets (AFM), the Dutch National Bank (DNB) and municipalities to discuss obstacles for public-private investments. Cooperation is achieved by taking out as much obstacles as possible and taking care of the mismatch between supply and demand. With regard to the obstacles: institutional investors are accustomed to a number of portfolios to choose from. In the Netherlands, e.g. the four big cities (G4) can only present one proposal: ABP (pension fund for employees in the government, public and educational sector) and other institutional investors only accept portfolios with a minimum investment of 100 million euros. Besides, the proposal itself needs to meet specific (design) requirements and following the legal and financial requirements of the supervisory authority Dutch National Bank. **Public-Private cooperation for the Top sector Policy** In 2010, the central Government launched a new enterprise policy with special consideration for nine top sectors. The policy is a comprehensive approach including generic policy addressing the burden of regulation, the need for qualified staff and good interaction between education and the labour market, funding options for SME's, IT policy, a financial incentive system, and a level playing field for businesses. In addition, there are policies specifically for innovative sectors in a strong export position: the "top sectors", hence the name Top Sector Policy. The Top Sectors approach attempts to bring simplicity, clarity and coherence to a very

	fragmented innovation landscape by providing strong top-down steering at the national level. At the same time it aims at supporting bottom-up co-operation among sectors, scientific institutions and government. The innovation programmes within Top Sectors are administered by 19 public-private partnerships, the Top Consortia for Knowledge and Innovation (TKIs). The main generic support for innovation comes through the fiscal instruments for innovation. The fiscal instruments are well-designed, allowing innovators to gain approval in advance for planned activity, and then providing relief to mitigate some of the uncertainties of R&D work. Source: OECD (2014) *Territorial Review of the Netherlands*, OECD Publishing, Paris.
Principle 7.	***Reinforce the capacity of people and institutions throughout the investment cycle***
Principle 8.	***Focus on results and promote learning***
Principle 9.	***Develop a fiscal framework adapted to the objectives pursued***
Principle 10.	***Require sound and transparent financial management***
Principle 11.	***Promote transparency and smart use of public procurement at all levels of government***
Principle 12.	***Pursue high-quality and coherent regulation across levels of government***

Areas of focus of recent/current/planned reforms (national level)

Please mention whether your country has recently conducted or is currently conducting reform(s) in the field of governance of public investment across levels of government (territorial reforms, fiscal reforms, capacity building initiatives, performance monitoring, procurement reforms, reforms linked to PPPs or innovative financing arrangements, etc.). You may provide explanations in the box below (or just briefly mention which of the 12 OECD Principles are currently high on your government agenda).