OECD Rural Policy Reviews

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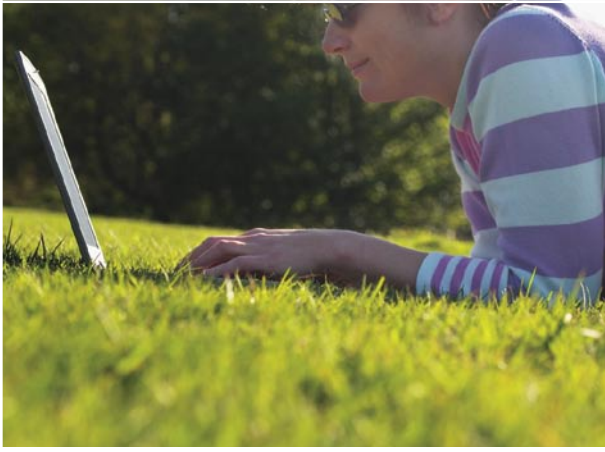

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OECD Rural Policy Reviews

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Foreword

With gains in agricultural productivity leading to a dramatic reduction in farm employment, rural regions across the OECD now depend on a wide range of economic engines for growth. Increasing globalisation, improved communications and reduced transportation costs are additional drivers of economic change in rural areas. Traditional policies to subsidise farming have not been able to harness the potential of these economic engines. In 2006 the OECD published a thematic report The New Rural Paradigm: Policies and Governance, *which seek to explain the shift in rural development policies to account for these important economic changes and the new approach to governance that these policy approaches require.*

Policies to develop rural places are beginning to take into account the diversity of economic engines as well as the diversity of rural region types. On the aggregate, rural regions face problems of decline with out-migration, ageing, a lower skill base and lower average labour productivity that then reduce the critical mass needed for effective public services, infrastructure and business development, thereby creating a vicious circle. However, there are many other rural regions that have seized opportunities and built on their existing assets, such as location, natural and cultural amenities, and social capital. The success of such dynamic rural regions is evident in regional statistics.

Promoting rural development poses numerous policy and governance challenges because it requires co-ordination across sectors, across levels of government, and between public and private actors. OECD countries have therefore been undergoing a paradigm shift in their approaches to accommodate such important challenges. The most defining characteristics of this shift are a focus on places *rather than* sectors *and an emphasis on* investments *rather than* subsidies.

The multi-disciplinary nature of rural development has contributed to the lack of comprehensive analytic frameworks to analyse and evaluate multi-sectoral, place-based approaches. The OECD will continue to work with other stakeholders worldwide to fill this knowledge gap. The OECD's work on rural development through the Group of the Council on Rural Development, created in 1990, was intensified with the creation in 1999 of the Territorial Development Policy Committee (TDPC) and its Working Party on Territorial Policy in Rural Areas. These bodies provide governments with a forum for discussing regional and rural development. In early 2006, under TDPC's guidance the Directorate of Public Governance and Territorial Development (GOV) launched a series of national rural policy reviews to deepen international knowledge in this field.

Acknowledgements

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The Review was directed by Mr. Mario Pezzini, Head of the Territorial Reviews and Governance Division, supervised by Mr. Nicola Crosta and coordinated and drafted by Mr. Olaf Merk of the OECD Secretariat. External contributors were Prof. Keith Hoggart (King's College, London) and Dr. Andrew Moxey (Pareto Consulting). Valuable comments on drafts were given by Prof. Jan Douwe van der Ploeg (Wageningen University), Mr. Herman Stolwijk (CPB, Netherlands Bureau of Economic Policy Analysis) and Mr. Frank van Tongeren (OECD/TAD). Mrs. Julie Lamandé and Ms. Betty-Ann Bryce prepared the Review for publication.

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Assessment and Recommendations

NOTE

Please note that this publication contains a Dutch and French version of the Assessment and Recommendations of the review at the end of the book.

Veuillez noter que cette publication contient une version française de l'évaluation et des recommandations de la revue à la fin du livre.

Een Nederlandse versie van de conclusies en aanbevelingen van deze studie bevindt zich aan het eind van de publicatie.

Rural areas in the Netherlands: close to cities…

The Netherlands is very urbanised and very densely populated. Eighty five per cent of the Dutch population lives in urban areas; this is the highest share in the OECD. In addition, it is the second most densely populated country in the OECD. As such, every rural area in the Netherlands is close to cities. This makes defining and identifying rural areas in the Netherlands challenging. The degree of rurality in the Netherlands is limited; no predominantly rural regions can be found at high spatial aggregation levels, such as the provincial level. However, there are intermediate provinces; these are areas that are not predominantly urban and could be considered to have a certain degree of rurality. The intermediate provinces in the Netherlands are Groningen, Friesland, Drenthe, Zeeland and Flevoland. These intermediate provinces are in the Review compared with other intermediate regions in OECD countries. Rural areas do exist at lower aggregation levels, such as that of the municipality. Around 15% of Dutch municipalities are rural municipalities, containing 7% of the national population and 30% of the surface. In this Review rural areas will be considered both from a relatively high aggregation level (the intermediate provinces in the Netherlands) and a lower aggregation level (the rural municipalities).

… but not dependent on urban areas…

Rural areas in the Netherlands are quite autonomous areas in many respects: their economies are quite locally oriented and they offer many opportunities to shop, recreate and make use of public services when compared to other rural areas in the OECD. At the same time, they are becoming increasingly interdependent with urban areas. Commuting between rural and urban areas has increased substantially over the last decade, as the share of agricultural employment has fallen considerably. High population density and a strong agricultural sector have long been able to co-exist thanks to strict and centralised land use planning. Agriculture has had an impact on many landscapes in the Netherlands that are appreciated and are now under pressure from urban land use demands.

… heterogeneous in character…

The interlink of rural areas with cities in their region, makes it difficult to generalise about rural Netherlands or the Dutch countryside, as the various rural areas in the Netherlands are different and have different policy challenges. At many instances, the perspective of a rather low aggregation level is needed to understand the locally specific problems, since variation within a region or province is usually as large as the differences between regions and provinces.

… and with relatively few economic and social problems.

Rural areas in the Netherlands have been performing well economically. Intermediate provinces have relatively high income, low unemployment (around 5%) and lack many of the social problems of similar areas in the OECD. There is good quality of life, no de-population and the level of public services is comparable to that in urban areas in the Netherlands. The economic and social differences between regions in the Netherlands are modest. There is a strong agricultural sector, but rural areas are not dependent on farming as there are several other developed sectors. There are concerns about deterioration of rural landscapes and biodiversity. Both intensive agriculture and urban pressures have over several decades had a severe impact on landscapes and biodiversity.

Future developments will increase pressures on land use…

Future developments will increase the demand for rural land. The Dutch population will continue to grow in several future scenarios, not only leading to more urbanisation but also intensification of already large demand for rural housing and recreation. The increase of commuting from rural areas will most probably continue, leading to more crowded local transport infrastructure. Concerns about climate change will lead to more claims on land for water retention. Concerns about biodiversity will lead to more claims on land for nature. Trade liberalisation and reform of EU agricultural policy might increase the reduction of the number of farmers, but the consequential reduction of agricultural land use will be limited. It is thus foreseeable that there will be more claims on rural land than will actually be freed up. Mechanisms will be needed for priority setting. At the same time, the challenge will be to increase the possibilities of multi-functional land use.

… and the need for regional differentiation.

Trade liberalisation in agriculture might lead to disappearance, up-scaling, re-localisation and more regional embeddedness of agriculture. Increased ethnic heterogeneity in cities might change the urban demands for agriculture. The growing interdependence between urban and rural areas will continue, leading to changing perceptions of what rural areas should provide in. These developments will work out differently in the various rural areas in the Netherlands. Responsiveness to these changing local contexts will require regional differentiation in rural policies.

Three main policy challenges appear

Considering current and possible future developments, there are three policy challenges. The first challenge is to take into account local needs and developments. The second challenge is to find mechanisms that facilitate choices about future land choice; these mechanisms should be able to answer to what extent urban pressures should be contained and to what extent the different land claims can be prioritised and possibly be combined. The third challenge is to deal effectively with landscape and biodiversity issues.

1) Decentralisation

Regional heterogeneity has an impact on the desirable design of rural policies; these policies should be able to take regional differentiation at rather low aggregation level into account. Generic policies at the national level, but also at the level of regions and provinces will not be able to do justice to the varied pattern of policy challenges that has been found at the sub-regional level. Rural policies have become more area-oriented over the last decade. Recently, national rural policy has become more decentralised and several grants and schemes have been integrated into one rural budget; contracts between central government and the different provinces were signed in which performance indicators were listed. The new rural policy is in many respects a step forward that helps provinces to play a constructive role in rural policies. Different specific grants are integrated into one block grant for rural areas. It thus provides more budget flexibility. This block grant has in principle been secured for a period of seven years, which provides financial stability and could lead to an increase of multi-year planning from the side from provinces. Several specific policy instruments have been abolished and merged into the fund for rural areas. The whole process leading up to the signing of the contracts between national and provincial governments may also have helped to explicitly underline the important role that provinces could play for rural areas. However, several policy challenges remain.

There are concerns about policy coherence…

The new rural budget is supposed to stimulate developmental approaches that are long term, coherent and holistic, based on multi-annual area visions and programs rather than projects. In many instances, the rural budget has not been used by provinces to implement this philosophy. There seems to have been limited co-operation with stakeholders in making the plans; there are hardly any plans that can be considered the result of co-operation of provinces and external parties. Several provincial multi-annual rural policy implementation programs combine existing sectoral projects, of which the inter-relatedness is not clear.

Although provinces attempt to develop integrated and coherent plans for area development, financial resources will in many instances have to come from sectoral directorates within provinces that have their own contacts with sector ministries. Although the plan may be developed in an integrated way, implementation will then usually have a sectoral twist. Considerable differences in steering philosophies and accountability structures hinder provinces in developing integrated rural policies. National funding sources that can be used for rural policies can take the form of a general grant, the rural block grant and several specific grants that all have their own rules for how to account for budgets.

The enduring dominance of sectoral approaches might be related to the relatively limited coherence of national policy instruments for rural areas. Although the presentation of challenges for rural areas in the *Agenda for the living countryside* takes many issues into account, the instruments for realising these goals are not integrated in the new rural budget, but remain part of sectoral programmes of different ministries. This makes it more difficult for provinces to create a coherent rural budget. This complexity is further increased by the different steering philosophies of policy programs that have an impact on rural areas. Examples of budgets that could have been integrated with the new rural budget are those for water policy. In the National water agreement several departments agreed to fund water activities that would also take their sectoral goals into account. The limited integration of these proposed resources for water in the rural block grant will complicate the area-development in the areas with a lot of water.

… provincial capacity…

Provinces are less powerful than central government and municipalities. Dutch government is fairly decentralised when compared to other OECD countries, but it is the municipal level in the Netherlands that has most of the

sub-national responsibilities and resources: the resources of all municipalities are about eight times those of all provinces. The twelve provinces in total have a staff of around 11 500 full time equivalents; on average less than 1 000 full time civil servants per province. This accounts for 1.4% of the total labour force in the Dutch civil service. From an international perspective, Dutch provinces have few resources. The average Dutch province spends EUR 200 per inhabitant; this is the lowest expenditure level of regional governments within the EU15 (together with those of Belgium and Greece). The size of provinces is average from an OECD perspective.

There are concerns about provincial capacity. The question was raised whether the culture and implementation capacity of provinces is suited to play an active role in area development. The culture within the provincial apparatus is characterised as risk averse with a focus on production of policies and operational rules, rather than on design of processes and products. According to some observers an active culture change would be needed for provinces in order to become more entrepreneurial. The capacity to implement area-based policies has also potential for improvement. A lack of expertise and knowledge is reported on process and project management, market development, finance and treasury, negotiation and engineering. Although many provinces are facing the same challenges when it comes to process management, there has been little inter-provincial co-ordination.

... and provincial room to manoeuvre

Provinces have expressed concern about their room to manoeuvre. A widely felt sentiment among provincial authorities is that the introduction of the new rural budget has given them hardly any more autonomy when it comes to rural policy. The instruments that can be financed with the rural budget come with many regulations, for example for the creation of biodiversity areas (National Ecological Networks) and the environmental schemes for farmers and other private land owners. Land acquisition rules for the National Ecological Networks are considered to be complex and non-transparent.

The relationship between the national and provincial governments is illustrated by the contracts between central and provincial governments, by which the national rural policy responsibilities have been delegated. There are very precise criteria, prescribed instruments and a sanction mechanism. The national rural policy describes exactly how provinces are to achieve their goals; in the case of biodiversity they have to acquire land and transform it into “nature”. An additional constraint is that the price of the land should not exceed the market price for the land. This does not leave provinces with much room to manoeuvre, develop integrated policies and adapt to regional and

local circumstances. Provinces seem to be used as agents of the central government in order to implement national policies to accomplish a National Ecological Network.

Room to manoeuvre for provinces should be increased…

National rural policy should be more concerned with high level goals rather than the policy instruments. However, these high level goals are currently in many cases however not precisely defined. The central government and provinces should make clear what the high level goals are; and provinces should be allowed be more flexibility to achieve these goals. As such, policies implemented might consist of acquiring nature, but could – considering local circumstances – also be achieved in other ways.

… capacity enhanced…

Rural policies should be more open and leave more room for experiments. The contracts between national government and provinces have a rather "closed" character: they are detailed, with extensive control mechanisms and sanctions when goals have not been achieved. A more open character would have increased the institutional learning process. Provinces should be stimulated and supported in their search for practices and policies that might foster rural development in their rural areas. The Ministry for Agriculture, Nature and Food Quality should be generous in supporting pilots or experiments in addition to those agreed in the contracts.

Good policy results should be rewarded. The contracts of national government with the provinces provide sanction mechanisms, but they are not likely to provide many incentives for policies that try to confront the challenges for rural areas. Ideas should be developed on how provinces could be rewarded for innovative area-based policy initiatives on the basis of meaningful outcome indicators. The central government should encourage trust in contractual relationships and fulfil its financial commitments. Breaking a contract in the first year of a seven-year contract period is not the best way to build trust.

… and coherence of the national rural policy to be strengthened.

A national rural policy should make clear to what extent rural areas are affected by national government policies on regional development, innovation, renewable energy, water, social services and other policy areas that might be

relevant for rural areas. In all these fields one would expect the national policies to have effects on rural areas. This impact should be made clear. The next rural policy document should contain a comprehensive overview of national government funds going to rural areas, as is already the case for urban areas.

2) Rural land use planning

The Netherlands has a long tradition of land use planning. A clear division between urban and rural areas has been a central goal of the land use planning of the last fifty years. These policies were implemented by national steering on where building activities could take place, which was expressed in land zoning. These land use policies have been relatively successful. Rural areas have to some extent been kept open and preserved from urban activities. However in the last decade, practice has relaxed the long-held separation of urban and rural areas. The boundaries of cities are touching on the boundaries of near-by cities, leading to a large connected and uninterrupted urban area, especially in the Randstad, but also in Brabant and other provinces. Moreover, there are indications that these strict land use policies have had negative welfare effects: scarcity of land for housing might have increased house prices in the Netherlands. Over the last decade, land use policies have loosened the conceptual separation of urban and rural areas and have become decentralised. Rather than pursuing nation-wide policy directions, authority was delegated to provinces, with the national government limiting its role to deciding basic conditions in fields like land-use planning. At the same time, the focus has shifted from imposing restrictions to promoting developments. The challenge for these new policies will be to provide clear decision-making mechanisms on rural land use and to implement them.

Decentralised area-based policies increase the possibility of locally adapted solutions…

The province can play a key role in land use policies. They can develop a vision on an area that goes beyond the administrative (municipal) borders and that can combine several functions, thus adding value and compensation where needed. Other actors can also be leading in articulating visions on land use. The challenge will be to involve local governments and other local stakeholders in order to ensure local support, for example by a commonly shared area-vision. These initiatives might provide the alternative for traditional iterative planning processes that are needed according to some observers to cope with decreasing effectiveness of policy instruments. Implementation of rural land use visions requires well functioning land

markets and governance frameworks. There are however several challenges within these fields. Key problems on the land market are high land prices, and the reduced public capture of the gains from land conversion.

… but they are made more difficult by high land prices…

Prices of agricultural land have increased over the last decade, especially near cities. The average price of agricultural land doubled between 1995 and 2001, but has stabilised. In the rural areas near cities the distance to built-up areas is determining the price of agricultural land. High land prices could slow down land mobility, and thus land consolidation and productivity gains in agriculture. Due to the fiscal regulation allowing farmers to re-invest the revenues of land sales without being taxed, high land prices around cities have spread all over the Netherlands, as many farmers from urban areas choose to re-invest in the other areas. Part of the market for agricultural land has in practice become a market for building rights.

… and decreased municipal gains from land conversion.

Every year, a considerable amount of land conversions take place. In the last couple of years, between 80 000 and 100 000 hectares were sold every year. Although it is not completely clear how much of this land changes use, estimations suggest a share between 18% and 32%. The residual value increase due to land conversion amounts to around EUR 1.4 billion per year. Land owners benefit from this conversion: these are farmers, project developers and local authorities. There are indications that farmers wait to sell land until they are able to get the windfall gain. Municipalities have for a long time been able to get a large part of the windfall by pursuing an active land policy. Many local authorities have a land development corporation that buys agricultural land, prepares it for building activities and sells it to builders, builds itself, or a combination of the two. In this way local authorities are able to benefit from the increased value of the land due to land conversion. The position of municipalities on the land market has however become less dominant, despite the instruments they have to acquire land. Private actors, such as housing developers, have since the 1990s become increasingly effective in anticipating zoning changes and land conversion.

Municipalities can skim off windfall gains from land conversion. In this way, they can recover some of the costs that they are making to increase the attractiveness of the areas, such as providing infrastructure and green spaces.

However, the current instruments to skim off windfall gains are inadequate. The costs that can be recovered with current instruments are quite limited. In order to address these drawbacks a Land Exploitation Act has been proposed that will be implemented in 2008. This Act gives more possibilities for municipalities to recover costs they make in relation to land development. Several challenges will remain when it comes to cost recovery at the regional level. There is some concern that it will remain difficult to develop green areas or recreational facilities that are located outside the land development areas.

Land conversion windfall gains could be skimmed off…

There is a compensation mechanism for owners whose property lost value due to a planning decision, but this compensation is currently not paid by those who benefit from the decision. The difference between the price before and after the zoning change should be skimmed off, so that property owners who benefit from planning decisions contribute. This can be done in several ways.

… by more flexible local zoning…

Municipalities should become more flexible in where to change function; and let it depend on the price for which owners want to offer land. Zoning in the Netherlands has long been a centralised, top down process in which rather generically areas where destined to be "red" or "green". This central approach has changed. Regional and local governments now have more freedom to decide on land use planning. This changed approach makes it possible for local governments to be less generic in their zoning approach. Rather than deciding on zoning before starting negotiations on land sales, they could try to change the spatial functions of those areas where land owners want to settle for a reasonable price. This can be determined in a land bid scheme, in which land owners can give their sealed bids for land that they want to sell to the government to develop. The Ministry of Agriculture, Nature and Food Quality should stimulate local governments to set up pilots with these land bid schemes.

… and by a land conversion fee.

As land bid schemes will not work under all conditions (in cases of small numbers of sellers or plots), a more generic instrument might be introduced to skim off windfall profits. A local land conversion fee is such an instrument. This is a fee to be paid by a land owner when its land changes function; the fee would amount to part of the planning gain: that is the difference between the value

before and after the planning decision. An advantage of a land conversion fee will be that the option value of land will decrease; this will make it easier for the remaining farmers to buy the farmland of those who stop, increase land mobility and thus increase efficiency. It would also make land acquisition by the government for the ecological main structure more efficient.

Price signals and cost-benefit-analysis could be used more often…

The difficulty of making priorities in and combining claims on land is the current difficulty to weight them against each other (and against the alternative of doing nothing). This situation is further complicated by the zoning of land, resulting in different opportunity costs. The use of price signals could improve the outcome, as makes clear what are the costs and expected values to take into account. As the system might have its drawbacks, it would be advisable to start with a few pilots to see how inclusion of price signals in decision making processes can work in practice. Cost-benefit-analysis of landscape and nature could be applied more often. The Ministry of Agriculture, Nature and Food Quality has taken initiatives within this field, but more should be done. Instruments should be refined and applied to future land acquisitions for the ecological main structure. The expertise within the Ministry and provincial governments about cost-benefit-analysis and its application to nature and landscape should be strengthened.

… as well as governance mechanisms that stimulate interaction between cities and rural areas.

The interaction of rural and urban areas will lead to more knowledge of and insight into the different characteristics of these areas and the role they could play for each other. There are currently eight city-regions. These are inter-municipal structures for co-operation, which generally work well when interests are similar, but less well when interests are different. Several of these city-regions have a considerable share of rural municipalities as their members. In this way; externalities of city or municipal policies could be internalised. The governance mechanism of city-regions could be strengthened.

There should be more connections between national urban and national rural policies. National urban policy has often been criticised for a limited focus on city cores, rather than the functional urban area, namely the city-region. Looking at the whole functional area would enable account to be taken of

externalities, for example with respect to transport, social housing, nature areas and open spaces. It could be helpful to synchronise the national urban policy framework with the national rural policy framework after the current cycle.

3) Landscape and biodiversity policies

Landscapes and biodiversity should be improved not only in designated areas…

Rural landscapes and biodiversity are impacted by intensive agriculture and urbanisation. The tendency in policy has been to separate nature and agriculture; agricultural land use should then provide economic production and nature in non-commodity outputs, such as biodiversity and landscapes. This clear separation has ended, but there still remains a tendency to think that biodiversity goals can only be reached in nature areas, rather than in all areas. Many opportunities exist to combine land use functions that have beneficial effects for landscape and biodiversity. An important role in improving biodiversity can potentially be played by local actors, but there are improvements to be made in this respect, for example in updating planning concepts, such as the Green Heart, and providing more space for green recreation.

National and regional governments should not only focus on the ecological main structure as the way to improve biodiversity in the Netherlands, but also be aware about the potential of all other areas that might contribute to achieving biodiversity goals. In order to stimulate this, targets for biodiversity should in rural policies not only take account of the amount by which the ecological main structure has increased, but rather be expressed in outcome terms, namely the reduction in extinction threats for specifically described flora, fauna and habitats level. These targets might for example be included after the midterm evaluation of the rural budget.

… but wherever possible in rural areas.

There are indications that large farms could in principle be as environmentally friendly as smaller farms, but they tend to homogenise regional landscapes. For this reason, policies should be neutral to farm size. Market concentration in the agro-food-industry might hinder the diversification of agriculture. This is an issue to be addresses by competition policy. In general, competition policy tends to focus on consumers rather than producer welfare. This might however obscure the dynamics of market power in the food industry which is being exercised on the buyer side to be able to serve price wars aimed at increasing market shares.

Voluntary modulation is not used in the Netherlands, but policy challenges within the field of biodiversity might make it necessary. Both the share of Pillar 2

support and the uptake of agro-environmental schemes in the Netherlands are relatively low. Although the relative lack of rural development problems in the Netherlands as compared to other EU countries might explain the small share of Pillar 2-support payments, more use of it to increase the uptake of agro-environmental schemes could be sensible.

Environmental schemes should solve principal/agent-problems…

The main difficulty of the environmental schemes for farmers and private land owners is the asymmetry of information; landholders know more about on-site costs and local impacts than the ministry giving out the contracts for them. This leads to several incentive problems. One of these problems is adverse selection: farmers that are already environmentally friendly will have more incentives to join these schemes as their compliance costs are lower. They will have to make fewer and less severe changes, which results in comparatively small additional environmental benefits and an overcompensation of compliance costs. Auctions might be a solution for this as they reveal the costs that land owners would have to reach a certain environmental outcome. Auctions for nature conservation have been shown to work in several instances, for example in US and Australia. Auctions in the Conservation Reserve Program (CRP) in the US for example contributed significantly to the achievement of a variety of environmental goals. The Australian Auction for Landscape Recovery-program (ALR) was two to three times more cost-effective than a uniform price system. Experiments like this should be set up in the Netherlands. Decentralisation can do justice to regional differences and could thus better target environmental schemes, for example according to farming style. Experience in Austria shows that local schemes can complement national and EU schemes. Their contribution could be considered a refinement of the policy instrument, which has the advantage to take into account locally preferred environmental outcomes.

… and more local and private funding should be stimulated.

Local governments in the Netherlands will in many cases not have much room to generate additional revenues to finance local schemes to strengthen biodiversity and landscape values. The local conversion fee, recommended in this Review, should provide some of this room. Obstacles for wider use of the local tourist tax should be taken away. In light of reform of the Common Agricultural Policy, municipal funding criteria should be reconsidered when it comes to functions rural municipalities have for urban citizens.

The private sector benefits in many cases from idyllic landscapes and well preserved nature. In some cases these amenities are indispensable for their business activities, as is the case for tourism. Private actors therefore fund in some cases the conservation and maintenance of these rural amenities. This is for example the case in Austria where the tourist sector pays for maintaining the agricultural landscape. Although few municipalities in the Netherlands have a similar high dependence on tourist activities, local governments could decide to reserve a share of local tourist taxes for the maintenance of nature and landscapes.

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Chapter 1

Profile and Challenges of Rural Netherlands

This chapter provides a comprehensive overview of the socio-economic dynamics characterising rural areas in the Netherlands. It identifies trends, challenges and opportunities for such regions. It begins by defining the rural areas that will serve as the basic unit of analysis for the review. It then analyses the characteristics of rural areas with regards to land use, demographic, social, economic and environmental indicators. This analysis includes variations among different types of rural areas as well as comparisons to non-rural regions. Future developments in different fields will be described and their likely impact on rural areas in the Netherlands will be given. Finally, the chapter highlights some of the most significant policy challenges from a territorial perspective.

Key points

- Rural areas in the Netherlands are characterised by their proximity to cities. This is not surprising considering that the Netherlands is the most urbanised country in the OECD, having the second highest population density in the OECD. Identifying rural areas in the Netherlands is thus a challenging task. On the aggregation level of provinces, there are no predominantly rural regions when using the OECD typology. Five of the twelve provinces are intermediate regions; coming closest to a degree of rurality. These are the provinces of Groningen, Friesland, Drenthe, Zeeland and Flevoland. The other provinces are predominantly urban. On the aggregation level of municipalities, there are rural areas. Less than 7% of the population lives in these rural municipalities. This Review will focus both on intermediate provinces, as well as rural municipalities.
- The proximity to cities determines to a large extent the challenges that rural areas in the Netherlands are facing. Economic conditions and the level of social and public services are generally good and not very different from those in urban areas. The essential difference between urban and rural areas is in land use. Land in rural areas is mainly used for agriculture, providing nature values and open landscapes – in addition to agricultural products. There is an increased pressure on rural land to satisfy demands for rural housing, economic activity, recreation, water retention and biodiversity. This has an impact on characteristic rural landscapes.
- Future developments will intensify these demands for rural land use. Trade liberalisation and reform of the Common Agricultural Policy might have several consequences for agriculture in the Netherlands, but it is expected that agricultural land use will decrease at a slow pace. Several other developments will however increase the demands for rural land. Population growth might continue, as well as the demand for rural housing and recreational facilities. Climate change will increase the need for water retention areas and the ambitions to create a national ecological network will continue to generate demand for rural land.
- The challenge for rural areas will be to find a balance in these multiple, often conflicting, demands for rural land use. As many conditions differ regionally and locally, there will be a need for mechanisms that can take account of this regional differentiation. Considering the characteristics of rural areas in the Netherlands, landscapes and biodiversity will deserve special attention in finding these regionally differentiated balances in rural land use.

Introduction

This Review forms part of a series of Rural Policy Reviews launched by the OECD. The goal of these Reviews is to evaluate rural policies in OECD countries. This Rural Policy Review of the Netherlands will therefore identify the main challenges for rural areas, evaluate rural policy in the Netherlands and make recommendations on how to better face these challenges. Its analysis will be based on the information from the OECD Territorial Database, field visits to the Netherlands and analysis of the relevant policy documents. International data will be provided to compare the rural policy of the Netherlands with those in other OECD countries. This international comparison will also enable to identify the challenges that are specific to the Netherlands and those that are shared with the other OECD countries.

This Review consists of three chapters. The first chapter looks into the main challenges for rural areas in the Netherlands. In order to identify them, a few steps are taken. First, it will clarify which areas in the Netherlands should be considered as rural areas. Second, these areas will be characterised. Third, the relevant future developments will be sketched. On the basis of these three elements, the main challenges for rural areas in the Netherlands will be identified. Attention will be paid to the specific context of the Netherlands, such as its high population density, close proximity of urban areas, urban-rural linkages and the consequences that these linkages have for rural landscapes.

1.1. What are the rural areas in the Netherlands?

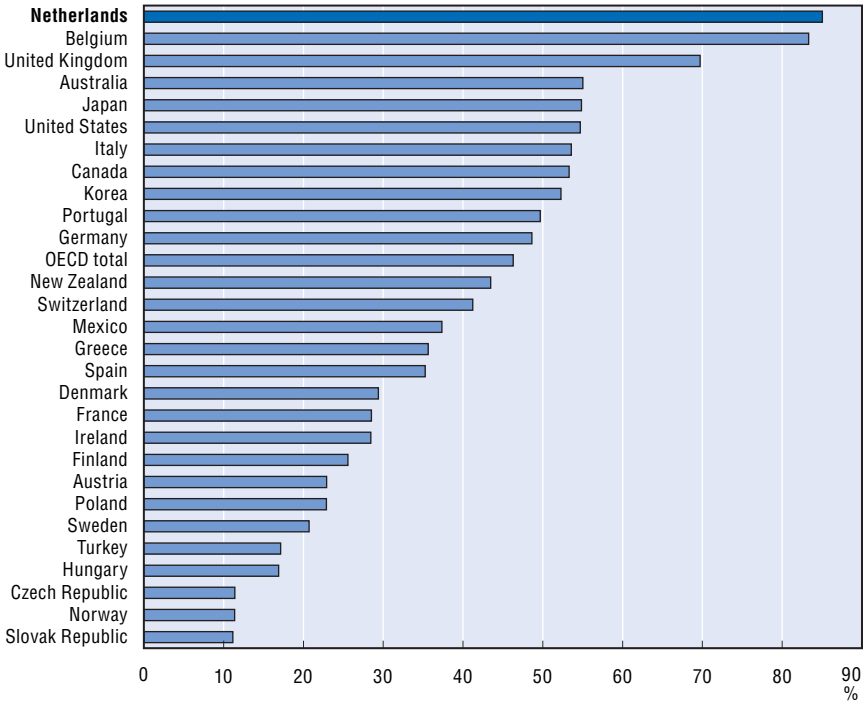
There is a low degree of rurality in the Netherlands…

The Netherlands is the most urbanised country within the OECD. A relatively very large part (85%) of its population lives in an urban region (see Figure 1.1) and very large shares of its territory and economy have an urban character. Only Belgium, and to a lesser extent the United Kingdom, come close to the same level of urbanisation. The Netherlands has the second highest population density of any OECD country and its relatively small size means that a city can be reached within half an hour from almost everywhere in the Netherlands.

As such, the Netherlands presents a challenge to the OECD rural typology. This typology is based on population density and the presence of big cities in a region. On both criteria every region in the Netherlands has a score that is too high for it to be called predominantly rural. In this respect, the Netherlands is rather unique: it is one of the three countries within the OECD (with New Zealand and Luxembourg) without predominantly rural regions.

The Netherlands does not however exclusively consist of predominantly urban regions: considerable parts of it are so-called intermediate regions. These are all regions in which 15% to 50% of the population lives in

Figure 1.1. **Population share in predominantly urban regions in 2003 (TL3-level)**



Source: OECD (2007a), *Regions at a Glance*, OECD, Paris.

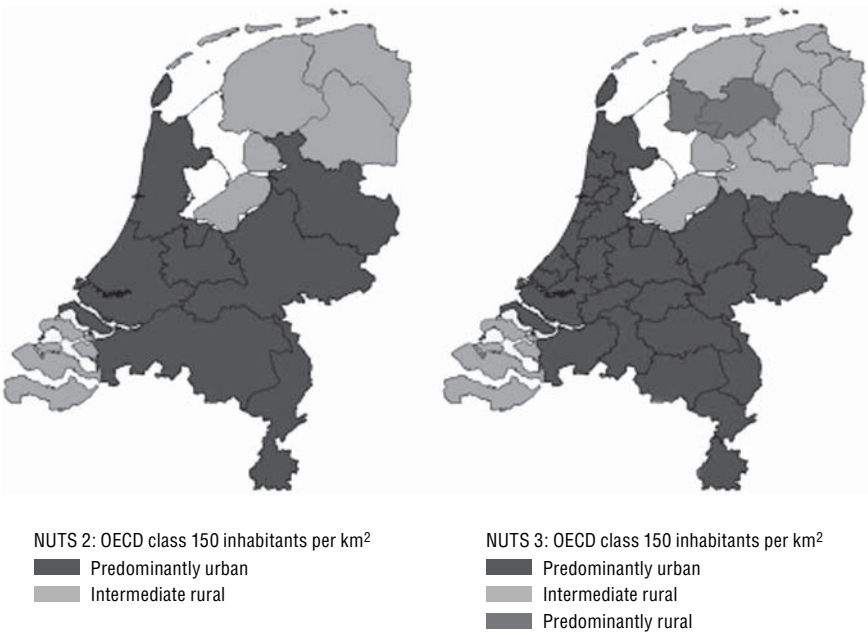
municipalities with a population density of less than 150 inhabitants per square kilometre. If the Netherlands were divided into four parts, one would qualify as intermediate region; the other three as predominantly urban regions. Five out of twelve provinces are considered intermediate regions and the other seven are predominantly urban regions. Of the 40 regions at a lower aggregation level in the Netherlands (the so-called COROP-regions), one is predominantly rural, twelve are intermediate regions and twenty-seven are predominantly urban.[1]

… but 15% of the municipalities in the Netherlands is rural, mostly in the North

If we approach rural areas by means of municipalities with less than 150 inhabitants per square kilometre, then it appears that seventy of the 450 municipalities can be considered rural. However, these areas are relatively small in population size: less than 7% of the population in the Netherlands lives in a rural municipality. These municipalities make up 31% of the surface in the Netherlands.

Most of the rural municipalities in the Netherlands are concentrated in the northern part of the Netherlands. One of the four parts of the Netherlands is an intermediate region: this is northern Netherlands. This area contains three of the five intermediate provinces in the Netherlands: Groningen, Friesland and Drenthe. The other two intermediate provinces are Flevoland and Zeeland. The province of Zeeland is located in the South Western part of the Netherlands; Flevoland is in the middle of the country on land that was reclaimed from the sea. Most of the rural municipalities are concentrated in these provinces. At the same time, 40% of the rural municipalities are situated in the other seven provinces, so there are considerable amounts of rural areas in close proximity to cities. At the TL4-level, there are 40 so-called "COROP"-regions in the Netherlands, used for statistical rather than policy purposes. Twelve of the thirteen non-urban COROP-regions comprise exactly the areas of the five intermediate provinces; there is only one intermediate COROP-region that is located in an urban province: this is Noord-Overijssel, located in the province of Overijssel (see Figure 1.2).

Figure 1.2. **Predominantly urban, intermediate and predominantly rural regions in the Netherlands on TL3- and TL4-level**



Source: CBS (2006), *Inhabitants per Municipality 2003*, Department of Knowledge, Ministry of Agriculture, Nature and Food Quality, 2006.

The definitions used in this Review overlap to a large extent with alternative definitions that are sometimes used in the Netherlands. One of the definitions frequently used in Dutch policy discourse is a definition of urbanity, in five categories ranging from non-urban to very strongly urban. The defining criterion in this definition is the address density per square kilometer, either at postal code area or at municipality level. Rural areas are then defined as the areas that are non-urban and very little urban, that is areas with fewer than 1 000 addresses per square kilometre. The provinces of Friesland, Zeeland, Drenthe and Groningen are the most rural in this respect; around 60% of their municipalities are considered rural areas. The province of Flevoland does not entirely fit into this picture, as it has no non-urban areas; it has however the largest share of municipalities qualified as very little urban (Steenbekkers, *et al*., 2006).

These definitions of rural areas are in line with perceptions of the general public in the Netherlands. The Dutch population consider the Northern part of the Netherlands as the characteristic rural area of the Netherlands (Haartsen, 2002), especially the provinces of Groningen and Friesland. Other areas that are considered to be rural areas by the general public are the provinces of Drenthe, Zeeland and Flevoland (all intermediate provinces), as well as certain parts of urban provinces such as Gelderland, Overijssel, Limburg, Noord-Brabant and Noord-Holland.

Given the Dutch characteristics, this study will use a multi-layered approach in analyzing rural regions in the Netherlands. As mentioned earlier, the Netherlands is exceptional in that it has no predominantly rural regions. Therefore, it does not provide the same natural selection in study objects as other OECD countries do. Since most of the rural municipalities are located within the intermediate regions in the Netherlands, this study will focus on the intermediate regions in the Netherlands. This Review will compare intermediate regions in the Netherlands with similar regions in other OECD countries. A comparison of intermediate regions in the Netherlands with predominantly rural regions in other OECD countries would arguably not be most insightful, as their characteristics and perspectives would differ too much. In addition to focussing on intermediate regions, this Review will also look into rural municipalities in the predominantly urban regions.

Intermediate areas in the Netherlands can be considered functional regional areas…

Functional regions are the areas where people, live, work, shop and recreate. The concept of functional regions is relevant as it gives an indication of the relevant boundaries for providing public services and delivering public policies. Although different indicators can be used to establish whether an area is a functional region, the most commonly used are the commuting rates and economic relationships within the region.

Intermediate regions, being regions of the size of provinces or slightly smaller, have their own independent labour markets. The labour markets of these intermediate areas have been characterised as "closed"; meaning that at least 75% of all people employed in an area also live there and that 75% of the people living there also work there. The labour markets of the provinces Groningen, Friesland and Zeeland can even be considered very closed as their scores were around 95%. Within these intermediate regions, a distinction can be made between urban districts and rural areas. The cities in Groningen Friesland and Zeeland have mainly a working function, but their surrounding rural areas have a living function. So it could be concluded that cities tend to have a working function, but that they do not well in providing homes for people who work there; or, put differently, they are primarily important for people living elsewhere. On the other hand, most of the rural areas are residential areas, rather than areas where residents find their dominant sources of income. There is no balance in commuting, particularly not between the urban districts and the rural areas. Rural areas function as residential areas for those working in the urban districts. There are large commuting flows between rural areas and the urban districts. In addition to the traditional commuting from rural to urban areas, other commuting patterns have come up as well, such as commuting from urban to rural areas and criss-cross-patterns (Van der Laan, 1998).

Box 1.1. **Commuting in the Netherlands**

People in non-urban areas commute more than those in urban areas, but they have smaller commuting distances and commuting times. On average 31.1% of the working population in non-urban areas commutes across COROP-boundaries; this is 26.6% in urban areas. Non-urban population commutes less over large distances: net commuting across TL2-level in Northern Netherlands is the lowest. In these less densely populated areas, distances that would solve labour market mismatches might be too large. Non-urban areas have their own regional centre, most notably Groningen, but its absorptive quality is relatively limited to the largest cities in the Netherlands: it cannot absorb the net commuting flows from the neighbouring non-urban areas. There are nine COROP-areas (of the 40) that are net receivers of commuters; two of these net receivers are in non-urban areas. These are Groningen and South-West Drenthe. The biggest receiver is Greater Amsterdam with 198 300 net commuters. This represents 36% of its working population: for every 100 people working and living there, Amsterdam creates 36 jobs for people in other areas. This percentage is 7.1% for Groningen and 7.7% for South-West Drenthe.

The degree of embeddedness of local firms in rural areas in the Netherlands appears to be fairly large. This can be captured by integration indicators that show the proportion of an economic activity of a group of economic entities allocated to the local economy. In general, the local integration indicators of farms are higher than those of other firms. Yet there are some exceptions such as hotels and restaurants, the recreational sector and the real estate sector, which buy most of their inputs locally. As smaller firms have higher local integration indicators for their purchases, their activities can improve the local economy more than the larger firms can. The contribution to local employment is also relatively higher for smaller firms (Leeuwen and Nijkamp, 2006).

… but rural areas are in many cases very interlinked with urban areas

There are considerable economic relations between urban and rural areas. Around 37% of the relations between firms (in terms of purchasing relations) take place within the region, defined as a city with its neighbouring municipalities that might be rural. Firms in Northern Netherlands are more regionally embedded; the share of regional purchases and sales of firms (as well their appreciation) in the Groningen region is considerably higher than other regions in the Netherlands, due to its relatively isolated position. In this regional economy the city of Groningen plays a central role; rural municipalities have an economic relation with the city, but there are relatively few economic relations amongst the rural municipalities (Oort, *et al.*, 2006).

1.2. Character of rural areas in the Netherlands

Rural areas in the Netherlands are quite distinctive from those in other OECD countries. This section will look at this distinctiveness by looking at land and landscape, demographics, the economic situation, social conditions and environmental conditions. As many rural areas in the Netherlands are close to urban areas, a particular characteristic of Dutch rural areas is formed by its linkages with cities. These linkages will run through the next sections.

1.2.1. Rural land and landscape

The main difference between rural and other areas is in land use. Rural areas in the Netherlands have less land used on buildings and more on nature. Agricultural use of land is 69% in the Netherlands. This percentage is higher (74%) in the rural postal code areas and considerably smaller (around 30%) in urban regions. In intermediate regions in the Netherlands less of the land is used on buildings and more on agriculture. Intermediate regions have less cities of considerable size: only three of the 25 cities in the Netherlands with more than 100 000 inhabitants are located in the five intermediate provinces. The highest proportions of agricultural land use can be found in the provinces

of Groningen, Zeeland and Friesland, where more than 80% of the land is used for agriculture. These provinces have relatively few recreation areas, which are largest in the provinces in western Netherlands. Most of the nature areas (as measured by land area) can be found in the urban provinces of Gelderland, Noord-Brabant and Limburg (Simon, 2006).

Slow decrease in agricultural land use, rapid urbanisation…

Although agricultural use of land is decreasing, this has been happening at a slow pace. There is a slow reduction of agricultural land use; a reduction of 0.35% per year since 1950 (Haartsen, 2002). The only agricultural sub-sector that is increasing its land use is the horticulture sector, but this sector is concentrated in the urbanised, western part of the Netherlands. Over the last decades more land has been used for housing and less for water and agriculture. Land use for water has decreased spectacularly in the last fifty years. In the 1950s 30% to 50% of the land had a seasonal use; in the summer the land was used for agriculture and in the winter it was used for water storage. This mixed use has reduced to 3% to 5% of the current land use (VROM-Raad, 2004). There are several different soil types in the Netherlands; most of them are very suitable for agriculture. Most of the land in intermediate provinces is very fertile (Pols, *et al.,* 2005).

Land use in the Netherlands is highly urbanised in comparison with many EU countries. This comparison can be made using data from the CORINE Land Cover Database (CLC) on the basis of satellite images. Urban land use functions are summarised by the category "artificial surfaces". Data from this database for 2000 show that 11.5% of Dutch land surface is used for these artificial surfaces. In the EU25 this percentage is 4.6%. Similar percentages for artificial surfaces are found in the Flemish Diamond and Ile-de-France (Paris). The artificial surfaces increased by 22% over the period 1990-2000 in the Netherlands. During the same period the increase in Europe as a whole was only 6% (MNP, 2006). Between 1960 and 2000 the urban areas in the Netherlands doubled their surface. According to some observers, urbanisation and suburbanisation has progressed further than land use statistics suggest, as land use statistics usually only indicate one land use function. This might underestimate the urbanisation process in the Netherlands. When using more detailed area maps, it appears that almost everywhere in the Netherlands land is used intensively and for several purposes (Derksen, *et al*., 2007).

… reduced separation between urban and rural landscapes…

A clear separation between urban and rural areas is disappearing and has in some cases already disappeared. In the Netherlands, during the last decades peri-urban areas developed at the urban fringes, which can be described as neither city nor countryside. Also, a new category of peri-urban land emerged called the

embedded peri-urban area. This is the area between several cities; it is used for work and recreation not only by urban citizens in close proximity, but by citizens of other nearby cities as well. In this way cities and villages are touching each other and becoming one uninterrupted urban area. Randstad and the province of Limburg are two examples of this (Derksen, *et al*., 2007). Urban and rural areas are so interlinked that if a circle of 10 kilometres was drawn around the 30 large cities, only five cities would be untouched; four of which are in the intermediate provinces. At the same time approximately one third of rural land is located within these thirty circles (Kurstjens, 2004). Provinces, like Brabant, have become so suburbanised that observers find that there is no longer an urban-rural dichotomy (Janssen and Dagevos, 2005).

There are relatively few substantive green areas within urban areas. This is especially the case in urban areas like the Randstad. Ironically, the only substantive open area in the north of the Randstad is Schiphol airport; this is due to a complicated system of "noise contours" that inhibits building houses. The 2004 Spatial Memorandum aims to have 75 square metres of green recreation space per dwelling in urban areas. In the western part of the Netherlands this is currently 50 square metres (RLG, 2005c). Compared with urban areas in other OECD countries, this is not particularly low. Over the period 1993-2000 public and semi-public green areas around cities have increased; agricultural green spaces have however decreased (MNP, 2005b).

Rural areas also change in character due to the influence of cities and people coming from cities. Agricultural use of farms has decreased (see Box 1.2) and new houses are often built in styles other than the traditional regional style. More land is used for recreational purposes: the turnover of horse farms has tripled between 1990 and 2006; the total surface of golf courses increased from 1 300 to 7 300 hectares between 1996 and 2006. The growing interlinkages between urban and rural areas have led to what has been described as "a

Box 1.2. **Re-use of farm buildings**

Annually an average of 1.1% of all agricultural buildings becomes available for non-agricultural use. Around 80% of the farms that are re-used get a housing function and almost 14% becomes the accommodation of a non-agricultural enterprise. When it becomes an enterprise, in 85% of the cases living and working are combined at the same address. In practice, hardly any of the former farms are exclusively used for work purposes, indicating the demand for rural living. There is a relatively high concentration of non-agricultural re-use of farms around the Randstad and the urbanised part of North-Brabant. Re-use in intermediate provinces is relatively low, especially in Drenthe, East-Groningen, and the south of Zeeland (Daalhuizen, 2004; Daalhuizen, Van Dam and Goetgeluk, 2003).

curious mix of idealisation and flattening": the urban citizen idealises the authenticity of a mostly conceptual countryside, rather than a real rural area with distinct local characteristics. The result is a decrease in regional variety: farm types and landscapes from all over the Netherlands and indeed from abroad are mixed into what has been coined a "theme park landscape" (Lörzing, 2007). Regional variety has also been limited by the increased size of farms that has made agricultural lands more uniform in their appearance.

Increased mobility has contributed to a more urban outlook of rural landscapes. Mobility has increased substantially since the 1990s. Despite increased road capacity, congestion is five times higher than in 1990 (Hilbers, *et al*., 2004). This has limited the reliability of journeys by car, especially in the Randstad but also in other areas of the Netherlands. Although new housing areas were made compact and with many facilities, their location close to highways has given inhabitants an incentive to commute and make more trips in a broader area. Increased commuting from rural areas, as well as more urban use of rural areas for recreation and other purposes, have led to heavier road use in rural areas, which has an impact on rural landscapes.

Open spaces are disappearing along highways. More housing and office buildings are being built close to highways. Dutch highways have many exits providing accessibility and visibility; they have in many cases been used to locate different enterprises. For example, large scale retailers see the roads from the city to the highway as good location points. These developments have led to the deterioration of the landscape views from highways (Hamers and Nabielek, 2006). In 2003 45% of the surface of the total highway network offered rural landscape views; less than a quarter of those were on landscapes with highly visible cultural and natural quality. Almost half of all open views were threatened by building plans (Piek, *et al*., 2007).

… but the Dutch seem to be satisfied with their green areas and landscapes

Around 80% of the Dutch population is satisfied with the landscapes in their surroundings. This is the case for three quarters of the urban population. They are also content with the green areas within a 45 minutes drive. Citizens of the urbanised Randstad are the least satisfied with the green areas around the city. This can be explained by the lack of silence and the limited variation (MNP, 2007b). The landscapes that are most appreciated are those with a natural and historic character, far from urban surroundings. The possibilities for recreation determine to a large extent the positive valuation of a landscape. More than half of the Dutch population considers the forest their favourite nature area. Small scale agricultural land is the preferred landscape for 4.6% of Dutch population. Open polder landscapes do not belong to the most popular green areas either (RLG, 2005).

1.2.2. Rural population

Population growth due to residential desirability…

The share of the Dutch population living in intermediate provinces is slowly increasing. Currently around 15% of the Dutch population lives in intermediate regions which comprise around a third of the land. This population share amounts to almost 2.5 million people that live in intermediate regions in the Netherlands. This population share has grown over the last decades, both in absolute and relative terms. Population growth in intermediate provinces has on average been faster than in urban areas. Population growth in intermediate provinces was 0.85% annually over 1980-2005; this was 0.53% in predominantly urban provinces. This population growth was however concentrated in urban areas within the intermediate provinces. Mean average annual population growth in the least densely settled COROP zones (0.43% for 1980-2005) fall behind those for medium density (0.74%) and high density areas (0.47%). Significantly, however, the trend in recent years reverses that picture, if only at the edges. Thus, for 2000-2005, annual growth rates in the lowest density zones were actually the highest (0.51%), with those in medium density zones the lowest of these three area types (0.48%).

The population growth in intermediate regions does not seem to be caused by retirement migration. Over the last decades there has been very little ageing of the population in the intermediate regions. The share of the population over 64 years old in intermediate rural provinces stayed at around 14% from 1990 up to 2005, with the slight rise for predominantly urban provinces from 13 to 14% over this period reflecting the fact that the annual growth rate for this population group was 1.24% in these more urban zones compared with 1.19% in intermediate rural provinces. Compared with many intermediate regions in the OECD the elderly population has increased only moderately.

Population growth in the intermediate provinces could be related to residential desirability. Intermediate rural provinces score highly in terms of residential desirability, not simply in terms of the quality of their rural environments (Haartsen, *et al.*, 2003) but also as regards perceptions of the desirability of housing, irrespective of the actual "objective" quality of housing in such places, which is below that of many areas perceived as less desirable residentially (Pellenbarg and Steen, 2005). Underlying these perceptions is a broader impetus that favours rural locations, which relates to positive sentiments toward rural living, especially as regards the peace and quiet of life in the countryside. The strength and impact of these sentiments in terms of rural-urban relationships is expressed in social survey results, which identify the importance of "the environment" and "the home" in attracting former urban residents to live in rural areas. These sentiments are felt across the social spectrum.

Urban-rural migration is growing but still relatively modest due to limited supply of rural housing. The drag effect of job location is a potent restriction on potential migrants' views on achievable relocation destinations. For urban dwellers of working age, these ties of employment undoubtedly make villages and smaller towns in urban-centred regions more attractive as potential home locations (Dam, *et al.*, 2002). In this context, the limited rural stock that is available within high-density residential environments like the Randstad adds to pressure to commute more and longer distances and so enhances growing housing affordability issues on the edges of the Randstad.

… with an impact on commuting rates

Not surprisingly, the commuting rate from non-urban areas has increased. The last decade has led to a divergence in commuting patterns between urban and non-urban areas. While the commuting rate remained almost stable in urban areas, it increased considerably in non-urban areas. In 1994 the commuting rate across COROP-regions used to be almost the same for urban and non-urban regions: it was 26.2% for urban areas and 26.9% for non-urban regions. In ten years since then the commuting rate in intermediate regions has increased considerably with 15.7%, whereas the commuting rate of urban regions only increased with 1.5%. This outgoing commuting flow has not been balanced by more incoming commuting flows in non-urban areas. On the whole, the dependency of non-urban areas on urban areas for employment possibilities has increased. An explanation could be the growing number of urban population moving to the countryside commuting to their work in the city.

Rural areas have considerably fewer immigrants

There are fewer non-western immigrants in rural areas. Most of the immigrant population lives in urban areas; around 2.5 million people (81.4% of all immigrants). A relatively small percentage lives in rural areas: around 570 000 persons (18.6%). There has been an increase in the population share of immigrants; this has however been less the case for rural areas. There are relatively more western immigrants in rural areas than non-western immigrants; the inverse is the case for urban areas. The population of rural areas consists of 9.2% immigrants, compared to 25% in urban areas (Simon, 2006).

1.2.3. The rural economy

Not very different from the Dutch urban economy…

The sectoral structure of the economy of intermediate provinces is comparable to the Dutch average. Regional concentration of economic sectors in the Netherlands is relatively limited. In several sectors, such as agriculture, manufacturing and financial services, the Netherlands has among the lowest

concentration indexes of the OECD (OECD, 2007a). This means that, unlike many other OECD countries, sectors can be relatively spread out over the country, rather than concentrated in one area. As a consequence, the differences between intermediate and urban regions on sector structure are relatively limited in the Netherlands. Urban provinces have more of their working population employed in services, and less in industry and agriculture, but the differences are rather small: 80% against 74% in services for example; and 4% against 3% in agriculture. There are more signs of spatial concentration when a lower aggregation level is chosen.

Intermediate regions in the Netherlands are not particularly specialised in labour-intensive, capital-intensive or knowledge-intensive industries. With the exception of some isolated municipalities in Northern Netherlands, they are not specialised in transport and distribution either. In knowledge services there is a certain specialisation in cities, most notably in the North wing of the Randstad, around The Hague, but also in some of the medium-sized cities, such as Leeuwarden and Groningen in Northern Netherlands.

Box 1.3. **Economic specialisation of intermediate regions**

Intermediate regions are specialised in some of the economic sectors of particular importance for the Netherlands, such as tourism, water, logistics, biotechnology and the non-profit sector. In several documents, economic sectors are mentioned that are of particular importance to the Netherlands when it comes to international competitiveness (BCI 2005, Ministry of Economic Affairs 2006). Areas within intermediate provinces are specialised in some of these sectors. The most notable specialisation is tourism: of the ten municipalities with highest relative share of employment in tourism, six of them were from intermediate provinces. But also in other sectors the intermediate provinces are well represented, such as logistics (in the south of Zeeland), the water management sector (in Flevoland and the west of Friesland), biotechnology (Flevoland) and the non-profit sector (in and around the city of Groningen). In chemicals there are several hotspots rather than regional specialisation; two of these hotspots are in the provinces of Zeeland and Groningen. Intermediate provinces are less specialised in horticulture, food industry and creative sectors. In other key sectors there is some specialisation, but this is mainly caused by one of the cities in the intermediate provinces, such as in life sciences (around Groningen) and financial services (Leeuwarden).

The relative lack of regional specialisation in intermediate provinces does not lead to economic variety in these areas. One of the insights in regional economics is that economic variety leads to higher economic growth. There is however relatively little sectoral variety: cities score high on variety but especially small municipalities score relatively low on this indicator

(Weterings, *et al.*, 2007). Some of the rural municipalities in urban provinces turn out to have the highest relative shares of jobs in life sciences and high tech systems and materials. Zijpe, a rural municipality in the north of North Holland, has the highest relative share of jobs in high tech-systems and materials. Steenderen, a rural municipality in the province of Gelderland has the highest relative share of jobs in life sciences (Weterings, *et al.*, 2006).

… increasingly attracting economic activity…

Over the last decades, a significant spatial de-concentration of economic activity has occurred in the Netherlands. Company growth in the intermediate provinces amounted to 25.3% over 1995-2006, against 23.1% in predominantly urban provinces. This de-concentration can be identified even in some high-tech industries, as with evidence that ICT employment is in decline in larger cities, with a dominant trend toward de-concentration in ICT employment in the Randstad. High rates of growth are being recorded here further away from or between the larger cities, with rural areas winners in the employment growth stakes (Laan, *et al.*, 2005).

When examined at a finer geographical scale, the growth of firms is much less in rural zones than in more densely settled places. The least densely populated COROP zones experienced only 16.5% growth in company numbers compared with 25.1% for medium populated zones and 27.7% for densely settled zones over 1995-2006. At a regional level, then there is a sense of "rural catch-up" but within regions the trends point toward continuing concentration of economic activity in urban centres. This tendency is consistent with that found in many other European nations (Hoggart, 2005).

Dutch entrepreneurs prefer to locate their enterprises in the centre of the country, where access to the local market is largest. They also prefer larger agglomerations. Entrepreneurs have low preference for intermediate regions, particularly the three Northern provinces and Zeeland. The difference in rating between the predominantly urban and intermediate provinces, however, has become smaller during the last two decades. This is mainly due to a decreased appreciation of location in the western part of the Netherlands, rather than anappreciation of location in intermediate provinces (Meester and Pellenbarg, 2006).

Unlike in the past, firms are not moving any longer from city to the edge of the city and from Randstad to rural; there is rather a more criss cross-pattern. The urban municipalities around Amsterdam and Rotterdam however have negative net positions: more firms are leaving these regions than going in to these areas. The tendency of firms to move to Northern Netherlands has stopped: in and outflows of firms are there in balance. Flevoland has a negative position: the north of Zeeland a positive, the south a negative position (Pellenbarg, 2005).

... with a large health sector and a small tourist sector...

The services sector is the largest economic sector in intermediate regions in the Netherlands. They provided 63% of gross value added and 74% of employment in intermediate provinces in 2004. From an international perspective the weight of services sector is average. In Northern Netherlands this share is 71%, between the extreme positions of Hawaii (US) where 91% of the population works in services and Podlaskie (Poland) with a services employment share of 46% (see Figure 1.3). Nor are employment shares in industry and agriculture in intermediate areas exceptional from an international perspective. Employment in agriculture does not exceed 5% of total employment in Northern Netherlands. Although several similar regions in the OECD have still lower shares of agricultural employment, the agricultural employment share is modest compared to some intermediate regions in the EU such as Salzburg in Austria, which has a share of 15% and Calabria in Italy (13%).

Figure 1.3. **Share of employment in agriculture and services of intermediate regions in the OECD in 2004**

Note: The five black dots represent the five intermediate provinces in the Netherlands. The blue dots represent the other intermediate regions in the OECD.

Relatively large economic sectors in Northern Netherlands are the health sector and the real estate sector. These are sectors where many people work and where the employment share is relatively high when compared to other intermediate regions within the OECD. Almost 15% of the working population in Northern Netherlands works in the health sector. Not only is this share considerably higher than might be expected for intermediate regions with comparable GDP per capita, but it is among the highest amongst intermediate regions in the OECD. Around 12% works in real estate and building, also a share that is considerably higher than expected. Other sectors with large employment shares are manufacturing (15.6%) and wholesale (14.5%).

Tourism is a relatively small sector in comparison with those in other regions within the OECD. Only 3% of employment is created in the hotels and restaurant sector. This is a low percentage from an international perspective: several intermediate regions get between 5% and 10% of their employment from this sector; in Baleares (Spain) it makes up 20.2% of employment, in Quintana Roo (Mexico) even 24.4%. Other economic sectors that are (slightly) smaller in Northern Netherlands than might be expected are transport and communications, wholesale, financial services and manufacturing.

… and a strong agricultural sector…

Agriculture and the agri-food sector have historically occupied a significant economic and cultural position within the Netherlands. Historically, it has been an important driver of growth and development, particularly through the export of commodities and processed products, but also of Dutch expertise and innovation. The geographical location of the Netherlands and good infrastructure links provide excellent market access to European consumers – a fact reflected in 80% of Dutch exports being to other parts of the EU. At the same time, the presence of Rotterdam as a major international port ensures access to international markets for both exports and imports. The latter includes raw materials for the processing sector, but also agricultural inputs such as fertilisers and animal feed. However, as with most developed countries, the relative economic importance of agriculture has been declining in recent decades as other sectors, particularly services, have grown more rapidly. Hence the current direct contribution of primary agriculture to the national economy is approximately 2% of Gross Value Added (GVA) and 3% of employment. This is similar to the EU average, but higher than for some other European neighbours such as the UK or France. The agricultural sector in the Netherlands remains strong. Agriculture and the sectors closely linked to agriculture such as food industry, make up around 10% of GDP. However, within this, the share of primary agriculture has declined over the last 20 years as processors have imported increasing quantities of raw materials. Dutch agriculture is very globally oriented: 75% of Dutch agricultural products are exported. As such, the Netherlands is one of the largest agricultural exporters within the OECD in relative and absolute numbers. In several products it is dominating the world market, such as flowers, eggs and pigs in all of which it produces more than half of the world export. Agriculture is also closely linked to another strong economic sector in the Netherlands, the logistics sector: one out of three trucks on Dutch roads is transporting agricultural goods (Berkhout and Bruchem, 2006).

Different sectors within agriculture are faring differently. The largest agricultural sub-sectors are grassland-based farming (28% of value added of total agriculture in 2004), horticulture and intensive livestock (both 22%) and arable products (20%). The horticultural sector is growing, mainly due to

expansion of ornamental and flower production. Within this, the number of horticultural businesses is shrinking – halving between 1971 and 2005 – as firms pursue economies of scale and expand by merging holdings together. Profit margins are particularly susceptible to energy and labour costs. The introduction of manure handling policies to address water pollution issues curbed an expansion of intensive livestock (*i.e.* pigs and poultry) that had seen total numbers rise dramatically from the 1970s to the 1990s. Coupled with increased import competition, this has seen a reduction in numbers of animals and numbers of farms. However, pig producers remain viable with reasonably healthy income levels. For poultry producers, egg production generates small and variable returns, but broilers are profitable. Pressure on starch potato and sugar prices may depress incomes in arable crops, but other crops are more buoyant. Grassland-based farming accounts for the largest share of agricultural land, but also for the largest share of value added and farm employment – both approximately one-third of the total. Within this, dairy farming dominates, with about 1.4 m cattle across 23 500 farm holdings out of a total population of 4.8 m animals and 80 000 holdings.

… that is diversified and vertically integrated only to a limited extent

Diversification into non-agricultural activities and vertical integration of agriculture is still rather underdeveloped in the Netherlands. Although many Dutch farmers apply one or more of these strategies, the income shares coming from diversification and vertical integration in the Netherlands are relatively modest (2% and 3% respectively) when compared to many other OECD countries. As this is an average, the economic significance of diversification and vertical integration for these individual farmers will of course be larger. Farmers in the UK and Ireland have considerably higher income shares from diversification, farmers in France and Italy three to four times the income share from vertical integration and farmers in Germany score much higher on both diversification and vertical integration. This is even more pronounced when looking at regions rather than countries: farmers in Emilia-Romagna get more than 15% of their income from vertical integration, whereas farmers in Wales get more than 10% of their income from diversification (Ploeg, *et al*., 2002). Another indication is the relatively limited amount of non-agricultural income in total farm household income in the Netherlands when compared to other OECD countries. These numbers reflect the Dutch tradition over the last decades of specialised agriculture rather than pluri-activity.

High market concentration in the food industry in the Netherlands (see Box 1.4) could hinder the development of diversified or vertically integrated agriculture. Retailers have in some cases threatened to end contracts with farmers that wanted to sell their products directly to customers. This can be quite problematic for farmers in dairy products where large dairy

Box 1.4. **Market concentration in the agro-food industry in the Netherlands**

The Netherlands has very high market concentration of the food market. Price asymmetries, disadvantaging farmers and consumers in the Netherlands have been found in the pork and poultry sector, as well as a continuing shift in price risk in the potato sector (Zachariasse and Bunte 2003). The market share of the top five food retailers in the Netherlands was 94% in 1999, an exceptionally high concentration from an international perspective. Although countries such as the UK, France and Belgium also have high food market concentration, their top five market shares range between 76% and 82% (Poole *et al.* 2002). Furthermore, cross-border alliances have arisen in recent years, accentuating this high market share. This large market size is associated with buying power including the possibility to impose product requirements and standards on suppliers. Dominant firms may also oblige producers to accept exclusive supply contracts (OECD 2006). Small producers in particular are likely to suffer when they are unable to resist retailer buying power, forcing them to the point where only the most efficient can survive.

co-operatives have regional monopolies and where competitors will only enter as soon as they have enough suppliers to cover their costs of getting milk with their trucks.

Higher rates of entrepreneurship in intermediate regions, but lower start up rates than in urban areas…

The Netherlands has an average number of entrepreneurs. Its climate for entrepreneurship is not bad, but starting a firm is less attractive in the Netherlands than in many comparable countries (CBS, 2006). For the Netherlands as a whole the percentage of entrepreneurs in the total working population is 11%. Entrepreneurship generally is higher in the intermediate provinces than in the Randstad, which can be partly explained by the higher share of farmers. The pattern in intermediate provinces is not coherent: some areas have the highest share and some have the lowest share of entrepreneurs, sometimes even next to each other, for example in Delfzijl where entrepreneurship is relatively high and the rest of Groningen where entrepreneurship is relatively low. This incoherent picture repeats itself with firm closures: in Friesland the share of firm closures per 1 000 firms is relatively low, but it is relatively high in Flevoland. Also the regions in Groningen and South-east Drenthe have relatively many firm closures (Huisman and Van Wissen, 2005).

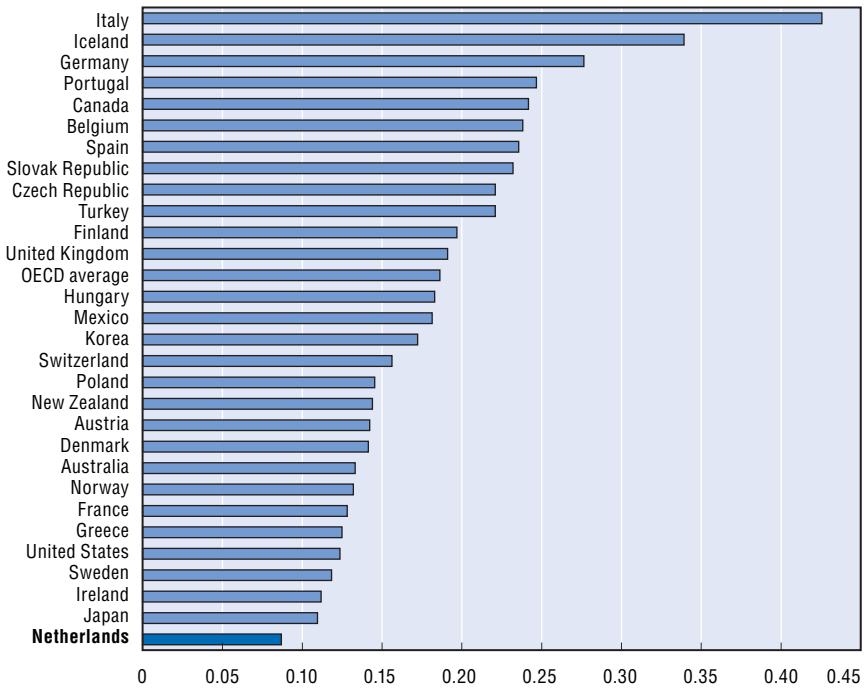
Firm creation occurs relatively less in areas outside the Randstad. Intermediate provinces have a relatively low share of firm start ups, but similar to shares in urban provinces such as Limburg, Gelderland and Overrijssel. Creation of spin offs is not concentrated in the intermediate provinces; the west of

Friesland and the south of Zeeland even have the lowest scores. The city-region of Groningen is an island of entrepreneurship in North and East-Netherlands in terms of firm creation. Spin offs are not similar to individual start ups: they are larger and have a higher survival rate. Individual start ups are concentrated in the economic core zone, around Amsterdam and Utrecht. Spin offs are overrepresented in the south wing of the Randstad and the province of Brabant. This pattern suggests an economic rolling out process: firms begin in the economic heart and then extend towards the neighbouring areas (Koster, 2005).

1.2.4. *Rural economic performance*

Regional differences in economic performance in the Netherlands are very small. The Netherlands has the smallest inequality of regional unemployment rates (see Figure 1.4), with rates ranging from 3% to 5% whereas all other OECD countries has larger differences. The Netherlands is also one of the countries that is least dependent on certain strong regions for its economic growth. The increase of national GDP over 1998-2003 due to the 10% of regions with the largest economic growth was 23%, as compared to an OECD average of 43%; only the Slovak Republic had a lower score with 19% (OECD, 2007a). Not surprisingly,

Figure 1.4. **Gini index of inequality of regional unemployment rates in 2003**



Source: OECD 2007a, *Regions at a Glance*, OECD, Paris.

the economic differences between urban and intermediate provinces are also relatively small. Unlike many OECD countries, the economic growth rates of urban and intermediate provinces are almost similar (OECD, 2007a).

Intermediate regions in the Netherlands have high GDP per capita…

The intermediate regions in the Netherlands have a relatively high income per capita. Northern Netherlands has an income per capita of EUR 32 000, – Compared with similar areas in the OECD, Northern Netherlands scores 10th out of 54 areas on this indicator.[2] There is some differentiation behind this picture: especially the province of Groningen which has a relatively high GDP per capita of around USD 39 700 – in 2004. As evidenced by Figure 1.3, there are hardly any intermediate regions within the OECD that have higher income per inhabitant. The other intermediate provinces in the Netherlands have lower income, but still fairly high compared with many other OECD regions. The lowest income per capita is realised in Flevoland. In practice, differentiation in GDP per capita might be less pronounced than these figures suggest: the high income per capita in Groningen can partly be explained by its gas revenues that flow directly to the national government; and the low income per capita in Flevoland might be explained by its position as satellite province for Greater Amsterdam. Real disposable income in Groningen will be lower than indicated (and higher in Flevoland).

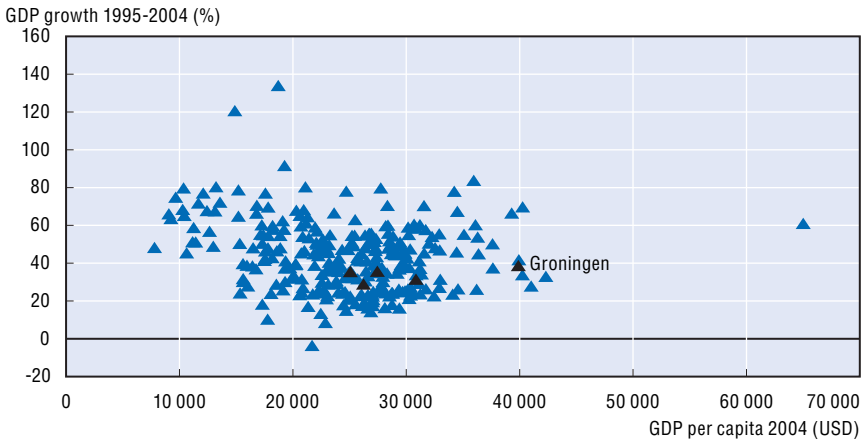
GDP per capita in intermediate regions is lower than in urban regions, but this can largely be explained by differences in labour participation, age structure, part-time work and commuting. All five intermediate provinces have lower GDP per capita than the national average: the province of Flevoland has the lowest GDP per capita, which amounts to 73% of the national average. Highest GDP per capita is achieved by the Randstad, the urbanised western part of the Netherlands, of which Utrecht province has a GDP per capita that is 26% higher than national average. For the three Northern provinces Groningen, Friesland and Drenthe about one third to half of the difference in GDP per capita from the national average can be attributed to the relatively low share of active participants on the labour market. For the province of Zeeland this is even more. Considerable regional differences in part-time work play an important role in explaining differences in GDP per capita. The share of part-time workers is seven percentage points higher in Groningen and relatively high shares of part-time workers are also found in Friesland, Drenthe and Zeeland. When these factors are taken into account, regional disparities become much smaller. The rank order however remains more or less the same, with the exception of the province of Groningen. This province scores above the average for GDP per hour worked, but has one of the lowest scores in terms of disposable income (Broersma and Van Dijk, 2005a). This can

be explained by low participation rates and low number of working hours. Economic performance in the intermediate regions is thus to a large extent determined by the functioning of regional labour markets.

… moderate economic growth…

Economic growth over the last decade has been lagging in the Dutch intermediate regions. The average annual growth has been around 1.4%; this is relatively low compared with similar regions in the OECD (43rd place out of 54 regions). Also when looked at from the provincial level, there are many intermediate regions in the OECD that have witnessed higher economic growth (see Figure 1.5). Growth has been most modest in Drenthe. This low growth rate, however, reflects the performance of the national economy and is thus not a problem specific to the intermediate regions in the Netherlands. The OECD Metropolitan Review of the Randstad, the urbanised western part of the Netherlands, found similar growth challenges (OECD, 2007b).

Figure 1.5. **GDP per capita and GDP growth in intermediate regions (TL3) in OECD countries**



Note: The five black dots represent the five intermediate provinces in the Netherlands. The blue dots represent the other intermediate regions in the OECD.

… and low unemployment rates…

Intermediate regions in the Netherlands have low unemployment. The unemployment rate of Northern Netherlands is 5.4%, taking up the 21st position (out of 54) on unemployment. There is again some differentiation between the intermediate provinces: the lowest rate of unemployment is in Zeeland (3.4% in 2004) and the highest in Groningen (6.4% in 2004). Unemployment in 2004 was in all intermediate provinces slightly higher than in 1999, with the exception of Zeeland. Compared with many intermediate

regions within the OECD, those in the Netherlands have low unemployment; the unemployment rate of Zeeland being among the lowest in the OECD.

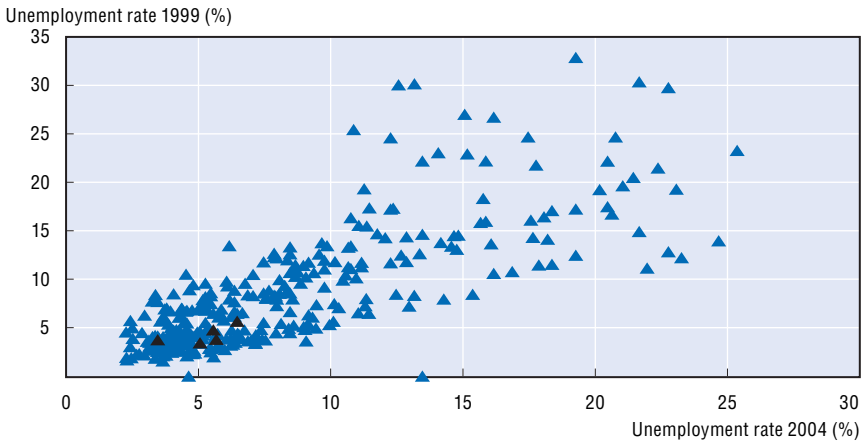
There has been a certain persistent regional difference in unemployment rates. Unemployment rates in 2005 were 5.3% in intermediate COROP-regions and 4.6% in predominantly urban COROP-regions. Although there has been a tendency for declining regional differences, the regions with high and low unemployment have roughly been the same over the last ten years. At times of declining unemployment, there is a tendency for weaker reductions in the rural areas of the north. Unemployment is increasingly concentrated among elderly and long-term unemployed. In the intermediate provinces of Groningen and Drenthe the share of long-term unemployed in total unemployment is substantially higher (as well as in the city-region of Amsterdam). An explanation for this persistence might be the limited commuting tolerance and enforced by government regional policy in the past (Atzema and Van Dijk, 2005).

It is striking how little regional unemployment and participation rates over the years have deviated from national trends. There is virtually no regional component of the business cycle, peaks and troughs occur at the same year in all regions. There is however regional variation when it comes to female and youth unemployment. Female unemployment in Northern Netherlands is substantially higher than in the other regions from 1983 onwards. Youth unemployment (15-24 years) in Northern Netherlands is about 4% points above unemployment in the other regions since 1992. There might be a substantial regional component in youth unemployment. For older workers (55-65 years) a significant regional component cannot be identified. Higher educated workers seem to equilibrate regional differences in labour market opportunities during upswings of the business cycle (Vermeulen, 2006).

… with lower labour productivity in intermediate regions…

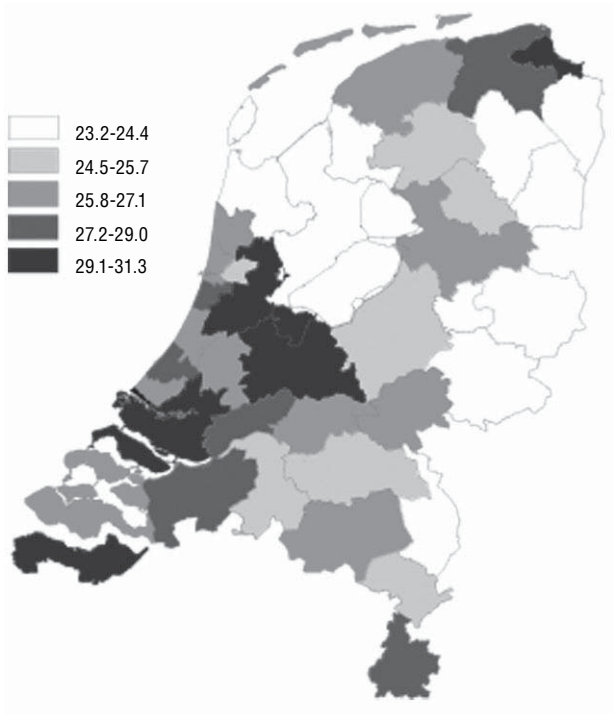
Regional differences in labour productivity in the Netherlands are considerable. In countries like Spain, Italy, France and especially the UK, regional differences in labour productivity are notably smaller, while their regional differences in unemployment are larger than in the Netherlands (Ciccone 2002 and Broersma and Van Dijk, 2003). There is considerable variation in the labour productivity of intermediate regions. Both the lowest and the highest labour productivity per hour is achieved by an intermediate region (using a demarcation at TL4-level). It is not only the urban centres around Amsterdam, Utrecht and Rotterdam that score high on labour productivity, but also the intermediate regions in Zeeland and the northern part of Groningen (Delfzijl). These regions have in common capital-intensive industries in basic metal and chemistry. The regions with low levels of productivity are located in the periphery, a large part of them in the intermediate provinces of Friesland, Drenthe and Groningen (see Figure 1.7).

Figure 1.6. **Unemployment rates in intermediate regions (TL3) in OECD countries**



Note: The five black dots represent the five intermediate provinces in the Netherlands. The blue dots represent the other intermediate regions in the OECD.

Figure 1.7. **Labour productivity in the Netherlands at TL4-level (2002; euro per hour)**



Source: Broersma, L. and J. van Dijk (2005b), *Regional Differences in Productivity Growth in the Netherlands: an Industry-Level Growth Accounting*, Working Paper for ERSA Conference 2004.

Several explanations for these differences in labour productivity have been found. It has become clear that regional deviations from the national sectoral composition account for about 25% of the regional variation in the levels of productivity. This works to the advantage of intermediate regions with capital intensive-industries (Delfzijl, Zeeuwsch Vlaanderen), chemicals (South-east Drenthe) and public service (North Drenthe) (Broersma and Oosterhaven, 2004). Other explanatory factors are lower shares of higher educated people in the workforce and job density. Intermediate regions again have a strange position: they have both the areas where people are very highly educated (around the city of Groningen) and the areas where people are least educated (East Groningen and South East Drenthe). As a positive correlation between labour productivity and labour costs has been found, the advantage of higher productivity is partly offset by higher cost. In terms of competitiveness, the regional differences are substantially smaller than the figures about labour productivity would suggest.

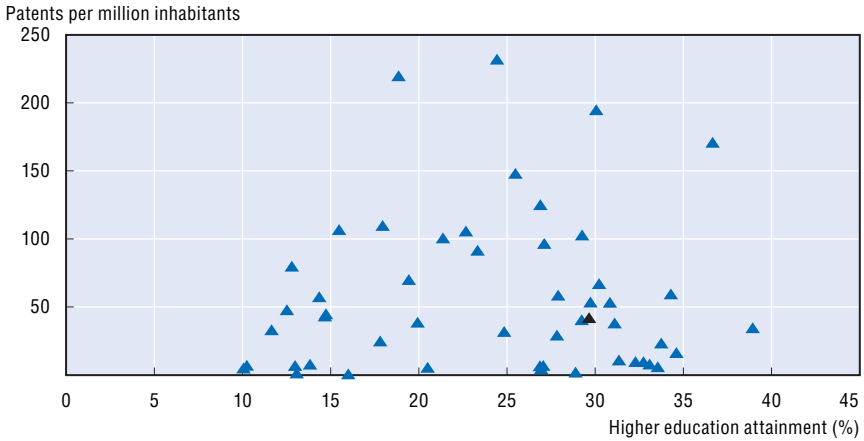
The growth of labour productivity of intermediate regions is comparable to those of pre-dominantly urban regions. Highest labour productivity growth has been taking place outside the Randstad, especially in municipalities in Zeeland and Northern Netherlands, but also in municipalities in urban provinces in Limburg and Overijssel (Weterings, *et al.,* 2007). Again it is difficult to give a coherent picture: several intermediate regions score high as well as low on labour productivity growth. One intermediate region (Zeeuws Vlaanderen) has negative productivity growth, but others (in Groningen) have among the highest growth rates. In some of the regions (such as Eastern Groningen) high labour productivity growth indicates removal of slack capacity rather than an increase of economic activity. A negative relation is found between agglomeration (in terms of job density) and productivity growth. This seems to suggest that growth of productivity is hampered when spatial concentration of jobs is extremely high and causes congestion, as is the case in the Randstad. The case of Delfzijl shows that regions with a high level of productivity and high productivity growth are not always prosperous regions: as Delfzijl had the highest unemployment rate of all regions over 1991-2001.

Employment growth over 1996-2005 was 1.2% per year in intermediate COROP-areas and 1.3% per year in predominantly urban COROP-areas. The employment growth has been stronger outside the Randstad; growth was mainly concentrated in other urban provinces such as North-Brabant and Gelderland, as well as the intermediate province Flevoland. Suburban municipalities in the Randstad showed growth, but large cities lagged behind.

… and a relative lack of innovation

The population of intermediate regions in the Netherlands is generally highly educated. From an international perspective, higher education attainment (28% of the labour force) is average; a 20th position out of 54 comparable regions

Figure 1.8. **Patents and higher education attainment in intermediate regions (TL2) within the OECD**

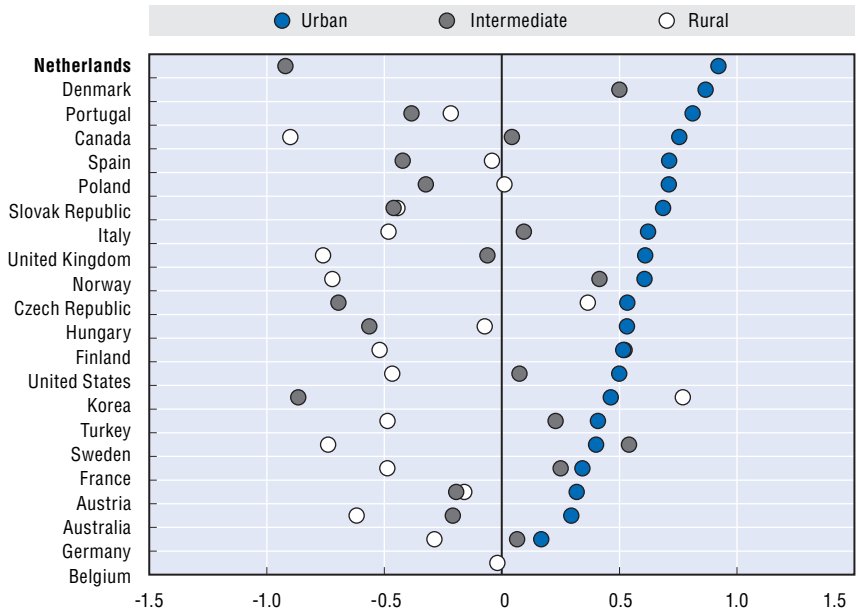


Note: The black dot represents the intermediate area in the Netherlands. The blue dots represent the other intermediate regions in the OECD.

within the OECD. There are two universities in the five intermediate provinces: this is in the city of Groningen and Middelburg (although the last one is to be considered part of Utrecht University rather than an autonomous university). Next to the universities there are 8 schools that offer higher professional education in the intermediate provinces.

There is however a remarkable lack of innovation in the intermediate regions, when measured by the share of patents created in intermediate regions. This might be explained by the relative lack of higher education institutes and the lower share of research and development. The registration office for patents is used as the basis of these statistics, but as it used uniformly for all intermediate regions in the OECD, there is no reason to assume that this underestimates patents in intermediate regions in the Netherlands. R&D expenditure as percentage of added value is highest in urbanised Southeast-North-Brabant. In the intermediate provinces Groningen and Flevoland there are relatively high R&D expenditures per value added. R&D expenditure is very low in Friesland, Drenthe and Zeeland. This is caused by the lack of universities and research institutes, but also because firms in these areas are engaging in relatively little R&D and innovation. Research and development-activities are however essential for economic growth: doubling R&D-expenses in a region generally is shown to lead to an increase in productivity growth of 0.2% (Broersma and Oosterhaven, 2004). The difference between patents created in predominantly urban and intermediate areas in the Netherlands is the largest in the OECD (see Figure 1.9).

Figure 1.9. **Correlation between patent applications and population share by regional type 1998-2003**



Note: Horizontal axis indicates the level of correlation, where a higher score indicates a higher correlation.
Source: OECD 2007a, *Regions at a Glance*, OECD, Paris.

Broader innovation indicators confirm the relative poor position of intermediate provinces when it comes to innovation. A regional innovation indicator that has been used to compare EU regions takes several indicators into account, such as people working in science and technology, participation in life-long learning, employment in medium-high and high-tech manufacturing, employment in high tech services, public R&D expenditures, Business R&D expenditures and patent applications. Using this indicator, the urban province of North-Brabant scores best with a 20th place out of 208 EU-regions. Several of the other urban provinces rank around the 40th place. The intermediate provinces in the Netherlands have considerably lower scores. The lowest scores Friesland with a 136th position. When compared to the Netherlands as a whole, the intermediate provinces Friesland, Drenthe and Zeeland score particularly low on high tech services, public and business R&D and patents (Hollanders, 2007).

At the same time, it is important to distinguish rural and agricultural innovation. While the innovation in the intermediate provinces, used as a proxy for rural areas in the Netherlands, might be low, many agricultural activities in the Netherlands are generally considered to be fairly innovative. This is facilitated by the knowledge cluster around the internally renowned Wageningen University and Research Centre (in the urban province of

Gelderland) from which knowledge transfers to the agricultural sector take place. The above mentioned regional innovation indicators do not take into account innovation in the agricultural sector, nor the more softer forms of innovation such as public policy and governance innovations.

All in all, there does not seem to be an economic rural development problem

Rural areas in the Netherlands have an economic performance that is similar to the Netherlands as a whole, when looked from the aggregation level of COROP-regions (TL4). Moreover they perform well when compared to rural (and intermediate regions) in other OECD countries. Although there are certain economic challenges, such as persistent unemployment differentials and lacking innovation, these challenges are not caused by the degree of rurality of the region. In fact, the differences in economic performance within regions in the Netherlands are usually more evident than those between urban and rural areas. Within the groups of intermediate and predominantly urban regions, there are those that perform well and those that lag behind (Terluin 2001, Terluin, *et al.,* 2005). These differences remain however rather small in international perspective.

1.2.5. Social conditions

The regional availability of social services in the Netherlands is remarkably equal…

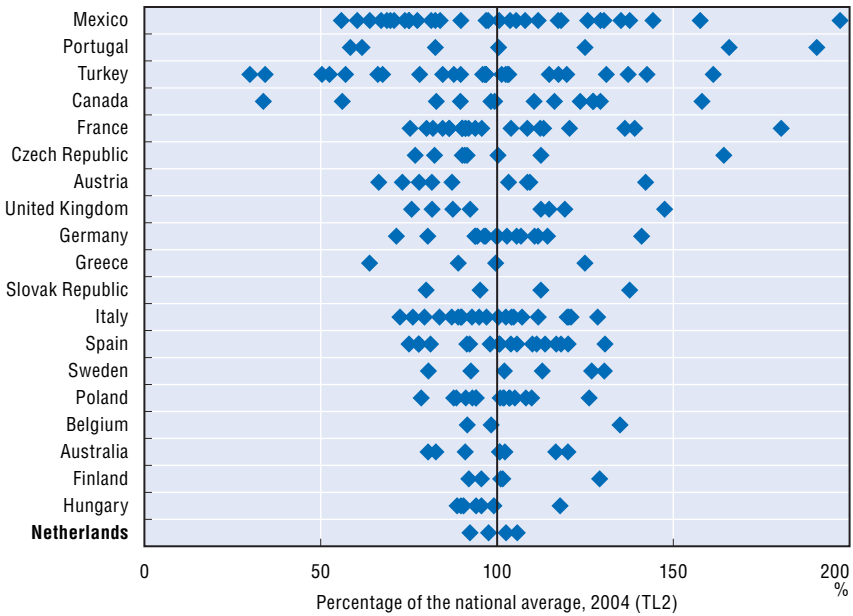
Although there are some differences in local service provision between urban and rural areas, overall the equality of basic conditions is striking from an international perspective. The allocation of health care services for example is very equitable from an international perspective (see Figure 1.10).

… quality of life is perceived to be slightly higher in rural areas…

Quality of life is generally better in rural areas, as defined from the perspective of rural postal codes. Since 1974 the Social and Cultural Planning Bureau has measured the quality of life in the Netherlands using composite index combining eight important indicators of quality of life: health, housing, social participation, sports practising, ownership of durable consumption goods, mobility, leisure activities and holidays. Using these indictors, quality of life in rural areas was better than in the city in 2004. In only a few urban areas is the quality of life better than in non-urban areas. In rural areas 9% of the population indicate low quality of life with 17% in the city (Steenbekkers, *et al.*, 2006).

Small areas in the Netherlands (areas with less than 2 000 inhabitants) show no lagging vitality. Developments in demographics, employment creation and availability of public and private services were largely comparable with those in the rest of the Netherlands. The increase of housing is twice as large as the average rate in the Netherlands, although it only expresses rather small

Figure 1.10. **Variations in the number of hospital beds per 1 000 population on TL2-level (2004)**



Note: The horizontal axis indicates the number of hospital beds in the different TL2-regions per country, where 100 represents the national average.

Source: OECD 2007a, *Regions at a Glance*, OECD, Paris.

numbers. There is however variety among the small areas: the areas with 100-250 inhabitants witnessed reduction of shops, schools and post offices that was more than twice as large as the average rate in the Netherlands; the reduction of post offices over 1996-2000 was 30%. Due to small numbers, the disappearance of a service is visible at a higher percentage – and is in practice compensated for by a new service in a somewhat larger core area. Most of the facilities in rural areas remain within acceptable travel distance (Smaal, *et al.*, 2005).

People in rural areas are in general healthier but less well-educated, but specific regional problems exist. On average there is more social cohesion and feelings of security and safety are higher in rural areas. However, there are fewer facilities for elderly people; larger distances to hospitals, a reduction in the number of shops and public transport; and increased car use. The knowledge levels in rural areas rise more slowly and the quality of the jobs is slightly lower. Social conditions in rural areas in Northern Netherlands and Zeeland are of lesser quality than in the other rural areas: more unemployment, smaller schools (with pupils that perform less well) and larger distances to services such as shops, primary schools and doctors. But even when there are relatively low service levels, this does not affect social viability (Dogan and Lammerts, 2004).

The lack of public transport in some areas poses a problem for young people and elderly women without a driving license.

When it comes to shopping, city hinterlands in the Netherlands are relatively independent from towns. The Netherlands is one of the few countries in which the households make more purchases in the hinterland itself than in town; furthermore they buy a relatively large share in zones further away from the core city. The large share of consumption within the hinterland is not only the case for food and groceries but for almost all other goods and services except education and training. Almost half of the food and groceries, pharmaceuticals and takeaway food are bought in the hinterland itself, this is between 10% and 20% in England and France. Even half of the health care budget is spent in the hinterland; this is 11% in France and 12% in England. In the Netherlands most (67%) of the required domestic help and childcare can be obtained in the hinterland itself. In England and France, households in the hinterland need to go to town for these kinds of services (Leeuwen, *et al*., 2007).

Both urban and rural population tend to recreate in their own areas. The rural population spends around 60% of their recreational visits in rural areas and only 8% in the very urbanised areas. The population of very urbanised areas go to very urbanised areas for 70% of their recreational visits. Only in 9% of the cases are they going to non-urban areas. Even activities such as walking and cycling take for two thirds place in urban areas. Nature areas are visited more by the rural population than by urban citizens: the number of visits to nature areas per 100 inhabitants was 533 for very urbanised citizens and 775 for non-urban citizens in 2003. Rural citizens are a bit less oriented on their own habitat than urbanites: they go to cities for arts, shopping and the cinema (Broek, *et al*., 2006). Almost a third (28%) of the inhabitants of Amsterdam never visits green recreation areas in the surroundings of Amsterdam. There are more of these visits in higher income groups. Elderly people and lower income groups recreate less outside the city than other inhabitants of Amsterdam (Bicknese, *et al*., 2005). Like in Portugal but unlike countries such as France and England, households in the hinterland also spend a considerable share of their income on restaurants and pubs in the hinterland (Leeuwen, *et al*., 2007).

… and home ownership is far more common

There is unevenness in the geography of home ownership. In the larger cities home owning levels are considerably lower than the national picture, with less than 20% of households owning or purchasing their dwelling in Amsterdam. Provincial provinces score highest in home ownership terms, with Zeeland coming top. But it is not simply at the regional level that spatial disparities are manifest. With the attention of housing associations in the Netherlands focused largely on urban centres, and with city municipalities building dwellings largely for the social rental sector, those seeking to become

home owners have found themselves "pushed" from urban cores by the non-availability of the housing types they desire and can afford. One consequence is a growing income disparity between cities and surrounding suburban and rural developments (Dieleman and Wallet, 2003); which exacerbates affordability problems for rural residents in city-regions as they have to compete for a scare dwelling stock with urban residents who are indirectly being encouraged to find homes outside cities.

1.2.6. Environmental conditions

The natural environment and biodiversity in the Netherlands have deteriorated sharply since the 1950s, though there has been some stabilisation since 1990. The share of species under threat is one of the highest among OECD countries for birds, amphibians, reptiles and vascular plants, and it is the highest for freshwater fish. Compared with 1950, breeding birds have declined sharply in agricultural areas on high sandy soil. Breeding of bird species associated with open dunes and heath land has been declining steadily since 1990 due to the intrusion of scrubland and grasses, mainly as a consequence of an increased supply of nutrients via air deposition. Many animal species and around half of the higher plant species are decreasing. The amount of fish in rivers has increased due to improved water quality. It is not likely that the biodiversity goals to stop the decrease in biodiversity in 2010 will be reached.

The most characteristic Dutch landscapes of international significance are polders in low-lying areas and reclaimed peat land in higher areas. Some of these landscapes are still relatively intact, but many are in danger of losing their unique character, particularly open cultivated grassland on peat soil. More intensive use of arable land and grassland, and large agricultural production resulting in economies of scale has brought about the loss of many small landscape features (*e.g.* hedgerows, windbreaks). A special form of environmental nuisance is that of artificial light that the horticulture sector uses to increase production. 64% of the light produced in the Netherlands comes from greenhouses, which in many areas makes it impossible to see the stars. The profitable agriculture in the peri-urban areas does not provide in the typical idyllic rural landscapes. The Dutch landscape has over the last 15 years become less open. It is pointed out that only two per cent of the agricultural area in the Netherlands has a high nature value, which does not compare favourably with the rest of the EU15 where the average is 15-25%.

There is a relation between agriculture and the current environmental conditions. A finding from international research is that farming styles seem to correlate strongly with biodiversity at the farm level. High biodiversity levels have been found to be connected with different, both forward looking (innovative) and past-associated (traditionalist) farming styles, whereas for production-oriented farmers the long assumed low biodiversity maintenance

performance is confirmed (Schmitzberger, *et al.*, 2005). Intensity of agricultural production in the Netherlands has brought very high use of nitrogenous fertilisers and pesticides. Although their use has been reduced, the intensity of pesticides and nitrogenous fertilisers use still remains very high, around five times the OECD average for both (OECD, 2003). Since Dutch agriculture reaches a very high production per hectare, the use of fertilisers and pesticides calculated per unit of weight produced, would make the Netherlands appear more like the other European countries. In addition, the large live stock has also raised problems in the form of manure. Dutch government policies to tackle this problem could have a positive effect on biodiversity. The intensity of agricultural production also demands a lower groundwater level than is naturally available. Drainage and accelerated run off of water from agricultural land is the main cause of the desiccation of natural areas, which influences biodiversity as well. The increase of the horticulture sector contributes to the image that the Netherlands becomes more urban. This effect is amplified by the concentration and large scale of new horticulture complexes in designated zones. Also large scale farming contributes through large barns, stables and silos (MNP, 2006).

1.3. Future developments

Rural areas in the Netherlands have in the previous section been characterised with respect to land use and landscape, demography, economic, social and environmental conditions. This section will look at the developments within this field as they have an impact on current strengths and weaknesses of rural areas. Future developments might strengthen or weaken the characteristics of rural areas and will thus present challenges that policy will have to face.

1.3.1. Demography

Increased population growth will lead to more urban pressures on rural areas…

The population in the Netherlands will probably continue to grow. In long term future scenarios of the Netherlands the population is predicted to grow, but at a slower pace than over the last decades. It is estimated that the population in 2040 will consist of 16 to 20 million people (now 16 million) (CPB, *et al.*, 2006). In addition to that, the size of households will most probably continue to decline. Most of the population growth will occur in the urbanised areas of the Netherlands, in particular the Randstad. These findings are not undisputed, as some studies assume that there might be a reduction of population in the long term, especially in the North of Netherlands (Derksen, 2006). Certain rural areas in the Netherlands, by contrast, will most

likely witness population decline, which will pose challenges that are common to several rural areas in OECD countries.

Continued economic growth will lead to more demand for goods and services which will lead to increased claims on land, especially in green areas around cities. The economy is expected to grow with an annual growth rate between 0.7% and 2.6% until 2040. This will not only lead to more firm activity and mobility, but also increase the demand for recreation, rural living and second houses in the countryside. Ageing in rural areas will most probably continue in the coming ten to fifteen years; this has consequences for the type of social services for which will be demanded.

… and more demand for rural housing

Demographic growth will increase the tension on rural areas to provide more space for housing. Already, there is far more demand than supply for rural living. Urban citizens are generally less content with their housing situation and more willing to move, usually to a rural area within the vicinity of a city. However, there is a shortage of rural housing possibilities: estimates range from a shortage of 130 000 houses to 160 000 with these specific characteristics (Keers, *et al.*, 2004; Dam, *et al.*, 2003). This shortage is most imminent in the urban areas in the western part of the Netherlands, but also in and around cities such as Groningen. Increased population, in combination with more rural housing, will likely see a further increase in rural commuting rates.

Ageing may have consequences for services in rural areas…

The effects of the ageing of the Dutch population will become most apparent in the next decades. There are indications that ageing will become relatively more apparent in rural areas. When using postal code definitions, it becomes clear that the elderly age cohorts in rural areas will most likely increase in the future. The age group 55-64 years for example grows quickly in rural areas: from 9.9% in 1993 to 12.6% in 2004 (Simon, 2006); this is the age cohort that will contribute to the ageing of the Dutch society in the next decades. Ageing can have several consequences for rural areas. It could lead to more demands for recreational facilities, housing, health services and other services.

… and a growing immigrant population may articulate different demands for goods and services from rural areas

The number of non-western foreigners is expected to growth; by 2040 they could be in the majority in the large Dutch cities. Population growth by non-western immigrants, in combination with their different perceptions of nature, could have implications for rural areas. Non-western immigrants

Box 1.5. **Demand for rural housing**

The location of a house is an important factor in moving house (Dam *et al.* 2005). Of all urban citizens wanting to move house 80% wants to live in a green area, but only 18% wants this to be a real rural area. Many people also like green housing near cities (Heins 2002). The satisfaction with housing situation increases when the urbanity of the location decreases: 75% of the inhabitants of the very urbanised areas in the Netherlands are satisfied with their housing location, whereas the rate of satisfaction is 92% for non-urban areas. This satisfaction relates into a lesser inclination to move houses: 32.2% of the very urbanised inhabitants want to change house against 13.5% in non-urban areas.

An indication of the demand for rural living is given by the demand for recreation homes. Estimations of the number of second homes in the Netherlands differ between 183 000 and 600 000. Most of these second homes can be found in coastal areas and close to nature areas such as in the province of Gelderland. Intermediate provinces with relatively many second homes are Zeeland, Drenthe and Friesland. Dutch households within high-density cities or neighborhoods more frequently own a second home. Inhabitants with a large garden are less inclined to own a second home. In the Netherlands, the owners of a recreational dwelling frequently seem to compensate for the urbanised areas in which they live with their first dwelling: most owners of second homes come from urbanised areas in the western part of the Netherlands. Most owners live in proximity of their second homes (Dijst, *et al.*, 2004).

(such as Turks, Moroccans and Surinams) recreate in public spaces within the city, such as parks rather than green areas around cities. Behaviour of second generation immigrants is in some ways converging towards that of native Dutch people: they also use recreation areas around cities and go to the beach. On the basis of this, several observers expect that the recreational behaviour of and the appreciation of rural areas by non-western immigrants will in the future resemble more and more the behaviour of native Dutch people (RLG, 2002, RLG, 2004). This is however not necessarily the case. Both first and second generation non-western immigrants hardly visit nature areas. In this they differ from native Dutch people in similar socio-economic conditions (Jókövi, 2000, 2001).

Population growth of immigrants could have different implications. Part of it relates to future support for nature policies and agricultural landscapes. Investigations into nature images of non-western immigrants in the Netherlands suggest that immigrants consider Dutch nature inferior and artificial in comparison with nature in their home countries. First generation migrants cannot transmit knowledge of (and sympathy with) nature in the Netherlands. As many second generation immigrants from Turkey and Morocco choose to marry someone from their home country, this lack of

knowledge transmission could repeat itself (Somers, *et al.*, 2004). Another implication could be a growing demand for multi-cultural agricultural goods, with possible ramifications for the food industry.

1.3.2. Rural economy

Economic projections for intermediate provinces are not very different from those for urban Netherlands

In many of the future scenarios for the Netherlands, the differences between the scenarios are larger than those between the regions identified in the scenarios. Scenario studies by the different planning bureaus in the Netherlands looked forward to 2040 and made a differentiation between Randstad, the areas surrounding the Randstad and the rest of the Netherlands (CPB, *et al.*, 2006). The intermediate provinces would be in this last category. The differences between these areas and the other areas in the study, when it comes to employment, unemployment and economic growth, are rather small. Economic projections for intermediate provinces do not differ much from those for the Netherlands as a whole.

… but the perspectives for agriculture are mixed…

The future of Dutch agriculture is strongly dependent on exogenous global developments that vary considerably. In the future scenarios up till 2040 both the possibility of a 5% reduction of the value added and a doubling of the agricultural production is foreseen (CPB, *et al.*, 2006). Growth expectations are most positive for horticulture. This sector has the highest value added per surface unit and has the largest growth potential. Considerable growth of the dairy sector would be possible if the quota system would be abolished. The perspectives for the arable sector and intensive livestock are less rosy: due to more global competition they have been projected to face growth decreases.

… and linked to discussions about future reform of the EU Common Agricultural Policy…

The most recent reforms of the Common Agricultural Policy continued the process of reducing price support and decoupled the direct agricultural support (Pillar 1 payments). Farmers now receive payments regardless of their production levels. At the same time Pillar 2 (rural development) saw an expansion of the number and type of measures eligible for funding, arranged into four axes representing different aspects of Rural Development: competitiveness; environment; and quality of life; and LEADER. Funding possibilities for Pillar 2 were also enhanced through the introduction of compulsory (as well as voluntary) modulation as a mechanism for transferring funds from Pillar 1 to Pillar 2. Notwithstanding the recent reforms, further change is already

anticipated. The "health check" in 2007/8, the EU budget review in 2008/9 and the end of the current programming period for Pillar 2 in 2013 all mark dates when further changes could be considered.

Box 1.6. **Possible reforms of the EU Common Agricultural Policy**

The theme of recent and further likely reforms to the CAP is greater market orientation for agricultural production – as exemplified by the decoupling of Pillar 1 support – and more explicit support for environmental and rural development goals. Beyond possible harmonisation of the form of decoupling of Pillar 1 payments, other changes to CAP support may also be considered. First, notwithstanding the radical nature of the 2003 Fischler reforms, it did not affect all sectors. The dairy regimes were not materially affected, meaning that a relatively significant Dutch sector has yet to be exposed to the greater market-orientation now facing other parts of the agri-food industry.

Second, the balance of funding between Pillars I and II may be altered. Political scrutiny may encourage an increasing emphasis on Pillar 2 measures. Pillar 1 support is sometimes thought to be an equally cost-effective policy mechanism if sufficient cross-compliance requirements could be designed and enforced (Huylenbroeck and Whitby, 1999). The latter is sometimes referred to as "greening of Pillar 1" and is sometimes offered as an alternative to strengthening Pillar 2. It is however a rather indirect way of addressing issues like environmental sustainability. Policies that are directly targeted at each of the objectives separately can be expected to be more effective and efficient (OECD, 2007c).

Third, if the Pillar 2 budget remains relatively modest, the balance of support amongst the four Pillar 2 Axes may be reviewed. That is, splitting limited funds across the four axes may dilute effectiveness relative to concentrating efforts on a particular axis. Hence, it may be that consideration is given to placing Pillar 2 emphasis upon environmental measures or upon quality of life measures. The latter would be consistent with EU cohesion objectives and perhaps the aspirations of New Member States. However, diminishing other Pillar 2 axes will not remove their previously identified policy needs, and it may be that an element of re-nationalisation of the CAP would be required to compensate. Thus, for example, some agri-environmental issues might be regarded as local rather than European issues and therefore appropriate for local funding and intervention. Although such moves might be consistent with the principles of subsidiarity, they may also raise issues of European unity and equal treatment. This might suggest an increase in rates of domestic co-financing of EU measures (to increase the Pillar 2 budget) rather than a separation of EU and domestic policy measures.

… and trade liberalisation…

If the Doha Round of the WTO were to agree increased market access for third countries to the EU, domestic prices of most commodities would probably fall significantly. That is, EU border tariffs are relatively high and exposure to world markets would increase competitive pressures markedly. In such a scenario, it is expected that many EU producers would not be able to survive and existing trends towards fewer-but-bigger farms would probably accelerate. It may also be noted that imported raw materials would become cheaper, further benefiting the processing sector that already imports significant quantities and perhaps leading to an expansion of such activities (Francois, *et al.*, 2003).

However, it is not necessarily guaranteed that world market prices will remain below current EU levels. Relatively little global agricultural production is currently traded and remarkably small shifts in supply or demand can generate significant price swings. Consequently, if global demand were to increase and/or global supply decrease, EU farmers might not feel the full price effect of trade liberalisation. Such a scenario may seem unlikely, but recent policy shifts in favour of biofuels have seen world market prices for grain soar and rising per capita consumption in countries such as India and China may also boost demand. Equally, the continuing drought in Australia has boosted global prices for some commodities by restricting production there, and climate change may be anticipated to similarly reduce supplies elsewhere too.

Yet the effect of rising commodity prices may not offer a sustainable solution to all farms: whilst a rising tide may lift all boats, the duration of the lifting may be dubious if some boats are leaky. That is, the observed heterogeneity in farm performance within the Netherlands suggests that there is considerable variation in production costs and adherence to best practice. Whilst high commodity prices may give temporary shelter to inefficient producers, competitive pressures will remain – not least through supply chain arrangements – and the income of poorer performers will still be squeezed. Moreover, if world markets were to fall again – perhaps through increased productive capacity elsewhere, the pressures for adjustment would once again become acute.

… which might lead to fewer and larger farms…

Farms in the dairy and cattle production are most vulnerable to reduction of agricultural subsidies. In certain sub-sectors, subsidies form a large part of the income of a farmer in the Netherlands: from 47% in dairy, to 50% for the arable sector and 100% for cattle. In many cases the net farm income of families is supplemented by non-farm income, but even then the share of subsidies remains considerably high. Reduction of agricultural subsidies has important financial implications for these farms and could mean their end. It is estimated that a 50%

reduction of subsidies would lead to a 10% reduction of cattle farms and 15% reduction of dairy farms in the Netherlands (Bont, *et al.*, 2006). The effects on other subsidised sectors such as the arable sector are predicted to be limited. Several agricultural sectors in the Netherlands are less (intensive livestock) or not at all (horticulture) dependent on support payments. This implies that these sectors have already adjusted to the forces of global competition.

Reform of the Common Agricultural Policy could enforce the trend of increasing farm size, as it could increase the pace at which farmers stop. The number of farms has decreased for decades; this trend is likely to continue. There were around 84 000 agricultural firms in 2004; this is around 60% of the firms of 1980. The estimated number of farms in 2015 is 50 000 (Pols, *et al.*, 2005). Many farms cease to exist when the farmer retires without a successor. The land is in many cases sold to other farmers, thus leading to larger farms. It is expected that the reduction of total agricultural land will continue at the current rate, leading to an area for agricultural land in 2040 that is in total between 85% and 90% of the current one. This would imply an increase in farm scale of around 40%. Liberalisation – depending on the extent and immediacy of it – might enforce this trend.

Global competition might also lead to re-localisation of farms across national boundaries. This re-location is already taking place: every year 250 to 350 Dutch farmers, in all different agricultural sub-sectors, emigrate to continue their farming activities elsewhere.[3] Motives for emigration are often related to better perspectives for farm development: lower land prices, lower wages and more possibilities to grow than in the Netherlands. There are indications that globalisation of food chains has also played a role. The Dutch agro-industry does not want to lag behind in international competitive markets by only trading products of Dutch origin. They might thus consciously or unconsciously stimulate farmers to be mobile and to locate where the conditions for efficient production and development are optimal. Chain control by the large European supermarket chains increases the uniformity in constraints and conditions for production. Farmers that get a "license to produce" could in principle also locate elsewhere to provide the desired supply (Silvis, *et al.*, 2002). At the same time diversification and vertical integration of agriculture are expected to continue.

1.3.3. Social conditions

As a consequence of growing urban-rural linkages, rural areas have become contested landscapes. It has been shown that the urban population that came to live in the countryside in the United Kingdom was one of the key factors in the changing perceptions on agricultural pollution (Lowe, *et al.*, 1997). Thus, urban influences can change the way the countryside is viewed and the way it should be developed. Similar tendencies are at work in the Netherlands. Urban citizens reportedly perceive rural areas mainly as consumption space (for housing or

recreational purposes) and not as a production space for agriculture (Heins, 2002). New citizens in rural areas appear to be less tolerant *vis-à-vis* the agricultural sector and their activities tend to cause tensions (Schmeink, *et al.,* 2001). The countryside has thus become a contested area (Frouws, 1998). Nevertheless, urban pressures on rural areas are valued negatively, similar to France, but in contrast to Spain, Hungary (positive) and Finland (neutral) (Overbeek and Terluin, 2006).

Several social issues might become increasingly clustered along an urban-rural dichotomy. Rural housing will continue to be attractive for many people. Limited supply of suitable urban housing for owner occupiers, in combination with population growth and decreasing household size, will intensify a desire for urban-rural migration. When possibilities for rural housing continue to be scarce, mainly relatively wealthy people will be able to live in rural areas, also because most of the social housing is concentrated in cities. This social inequity could run along ethnic lines, with immigrants continuing to live in cities and hardly in the countryside. This might pose challenges for regional social cohesion.

The increased urban influence on the countryside will be noticeable in the demand for social services. Child care may be one of these services for which new demand could rise when commuting between rural and urban areas continues to increase (see Box 1.7). Ageing in rural areas will add to this new demand for services. Diversified agriculture could provide some of these services. Several farms already provide care facilities, educational tours and regional products for urban citizens. As rural areas are close to urban areas, Dutch agriculture has the potential to provide a wide array of services to urban citizens. Regional and local government already innovated with multifunctional public buildings that could serve a multitude of public functions.

1.3.4. Environment

Rural landscapes might come under increased pressure…

Reduced agricultural subsidies can impact on the delivery of so-called non-commodity outputs such as landscapes and biodiversity. The spatial extent of farmland means that its significance extends beyond commodity production to include the social issues of community, landscape and recreation plus environmental issues of pollution, habitat degradation and biodiversity. Perhaps the most apparent effect of land management is on the visual nature of the Dutch landscape and opportunities for recreational activities. The economic significance of this is reflected in rural tourism, but also in enjoyment for residents. Agriculture also exerts important environmental effect, both positive and negative. The public benefits conveyed through the creation or maintenance of agricultural landscapes and

Box 1.7. **Demand for child care in the Netherlands**

Mothers with young children in the Netherlands are more likely to be employed when there are more day-care slots in the area. One extra childcare slot per 100 children increases the odds of a mother being in paid employment by 2.2%. This effect is quite large in comparison with, for example, the effect of level of education on a mother's labour force participation. The effect of having maximum geographical access to childcare compared with the minimum is similar to the effect of an extra level of education (Van Ham and Mulder 2004).The implication is that some locations are more suitable than others for combining having a family with having a paid job. This discrepancy may lead to more pressure on the housing market on those locations with good access to both jobs and childcare facilities. The results also imply that offering childcare facilities in rural areas may encourage mothers' labour force participation.

environmental improvements are categorised as externalities. They arise from land management activities as by-products, produced jointly alongside agricultural commodities. As long as agricultural activity is undertaken, the externalities will arise. However, if reduction of subsidies leads to less agricultural activity, or activity of a different type, it is likely that the type of externality will also alter. The degree of change in externalities will depend on the change in underlying commodity production and how strongly joined the externalities are with particular farming systems.

… whereas climate change will increase the need for water retention areas…

The sea level and heavy rain are expected to increase due to climate change. According to current insights, global temperatures will on average increase with 1.4% to 5.8% by 2100. Up to 2100 the sea level near the Netherlands will rise with 20 to 110 centimetres (WRR 2006). In addition a strongly increased probability of extreme winter rain is expected, both in terms of intensity and frequency: it is estimated that the amount of winter rain will increase by 6% by 2050 and 12% by 2100, and the amount of heavy rain with 10% in 2050 to 20% in 2100 (KNMI 2003). At the same time more dry periods are expected, adding to the already existing dryness of the soil caused by active groundwater level policies.

Although climate change offers some positive possibilities to the Netherlands, it also entails more risks. The rise of average temperatures will lengthen the agricultural season and make the Netherlands more attractive for tourism. At the same time it could lead to flooding and the drying up of soils, posing challenges to dikes and water retention systems. Although these developments affect the whole of the Netherlands, the risks of flooding are

most evident in river deltas; these are concentrated in the middle and western part of the Netherlands. In some future scenarios, the probability of flooding of certain areas in the river deltas in the Netherlands increases to more than 1/1250 (CPB, *et al.*, 2006).

In order to reduce flooding risks, more land might be needed to be reserved as retention area, especially in the urban areas in western and central Netherlands. There are fewer river deltas in Northern Netherlands, it is less urbanised and future population growth will be relatively moderate. The risks for damage from flooding are thus more limited; technical solutions will be sufficient in many cases. There is less need for creating water retention areas than in the urban areas in the middle and western part of the Netherlands, even if the land prices are considerably lower. In the Randstad, the urbanised western part of the Netherlands, a logical area for water retention could be in part of the Green Heart, as its peat soils are less suitable for agriculture or housing. Spatial functions will need to be increasingly adaptable to rising water levels and flood risks. One example of this is building on water (floating houses). Although there is expertise available on this issue in the Netherlands, based on a long tradition of coping with water, there are relatively few projects realised when it comes to building on water.

… and stimulate interest in renewable energy

Concerns about climate change have also led to more interest in renewable energy sources. One of the energy sources most relevant for rural areas is biomass. For this source of energy production biomass products are transformed into energy. Products can be as diverse as sugar beets, seeds and wood, and might also consist of by-products of agricultural production (waste). Considering the manure (minerals) from the large livestock sector in the Netherlands, there are biomass energy applications for which Dutch rural areas have useable inputs. Biomass presents new opportunities for rural areas. It has the advantage of being locally available and – depending on its type – requires a decentralised collection and conversion system.

1.3.5. Land use

Population growth and declining size of households will have consequences for land use as it will lead to more firm activity and mobility, and increase the demand for recreation, rural living and second houses in the countryside. In addition to that, the national government has committed itself to increasing the amount of nature areas within the framework of the ecological main structure. All these elements will lead to increased claims on land. This combination of claims will be particularly intense in the rural areas around cities. These are in many cases now in use as agricultural area.

Box 1.8. **Potential for biomass in the Netherlands**

The possibilities for biomass energy are not frequently used in the Netherlands. The Netherlands does depend in its energy consumption for around 85% on oil and gas. In 2004 the share of renewable energy sources in electricity production was 6%. This share was 15% in the EU15 and 14% in the US. The contribution of biomass in the Dutch energy production was 41 PJ in 2004; this is 1.4% of total energy production. The maximal availability of biomass might amount to 450 PJ in 2030 (Rabou, *et al.*, 2006).

More biomass energy production is technically possible in rural areas in the Netherlands. Land that will be freed up by decreased agricultural use could in principle be used for the production of biomass for energy. It is estimated that this could satisfy 1.5-2.5% of the Netherlands in 2015 (Faaij, *et al.*, 1998). It is however doubtful that this will be economically feasible. Production of biomass for energy requires relatively much land. As land prices in the Netherlands are high, food production or other land uses will in many cases be more lucrative than producing biomass. Manure could however form an interesting by-product of agriculture that would be a valuable input for biomass energy production. Reduction of agricultural subsidies would also make biomass production more attractive. In addition, there might be potential in multifunctional land use (combining production of biomass with other land use functions).

Large scale biomass production can lead to monocultures and have negative environmental effects (Roundtable for Sustainable Development, 2007). Producing biomass in multiple land use systems is promising. It appears that for example willow short rotation coppice can be combined with ecological corridors and land areas that are strongly regulated and protected, such as groundwater protection areas and groundwater extraction areas. Not only would this create biomass, but it would also increase biodiversity (breeding birds) and could increase the attractiveness of landscapes. The land potentially suitable for these options adds up to around 100 000 hectares. In 30% this area willow short rotation coppice would lead to additional revenues. These are however not of the same order of the current prices of biomass residues, currently applied for bio-energy. Energy farming can be expected to be more profitable when combined with functions such as recreation and nature conservation (Londo, 2002).

Agricultural land use is by far the most significant form of land use in the non-urban areas in the Netherlands; the future of the agricultural sector will thus to a large extent determine the spatial outlook of rural areas in the Netherlands. Increased global competition might lead to spatial re-configuration. It is likely that around the Randstad and around cities in the provinces of Utrecht, Brabant and Gelderland, agricultural land will more often be used for other functions. The exception is most likely to be the horticultural sector. This sector is now using around 0.4% of the total surface of the Netherlands. Horticulture is especially concentrated in the very urbanised province of Zuid-Holland, where it covers more than 3% of the area. In some scenarios, horticulture will grow towards 4.5% of the land surface in Zuid-Holland in 2040.

Agricultural land use in the Netherlands is very likely to become more differentiated according to proximity to cities. Due to urban pressures, agricultural land prices near cities will make competitive agriculture on the global market increasingly difficult. Agriculture near cities could however continue to play a role when it comes to the provision of non-commodity outputs such as landscapes, and other services that correspond to the needs of urban people. As many of the "green and blue services" that agriculture can carry public good characteristics, the effectiveness of public policies in this field is essential. Agricultural land further away from cities might continue to be used for competitive agriculture on the global markets, but CAP reform and further liberalisation of world markets might shift the comparative advantages, which could lead to crowding out of certain sectors (arable goods) to others (dairy), leading to changes in the landscape. The Netherlands is not unique in this spatial differentiation according to closeness to cities. Agriculture in many countries is following the same direction. As the Netherlands is the most urban country in the OECD, it can provide insight into the challenges other OECD countries could face when its city population continues to grow.

1.4. What are the challenges for rural areas in the Netherlands?

Studying rural areas in the Netherlands poses challenges of a definitional character. Unlike many other OECD countries, the Netherlands has rural areas that are not so much characterised by their remoteness, but rather by their proximity to urban areas. The degree of rurality in the Netherlands is limited in the sense that no predominantly rural regions can be found at high spatial aggregation levels, such as the provincial level. Rural areas do however exist at lower aggregation levels, such as that of the municipality. This makes it difficult to generalize about rural Netherlands or the Dutch countryside, as the various rural areas in the Netherlands are different and have different policy challenges. There are for example differences between the challenges of rural areas near urban areas and those that are further away from urban influences. At many instances, the perspective of a rather low aggregation level is needed to understand the locally specific problems, since variation within a region is usually as large as the differences between regions, for example when it comes to economic and demographic indicators. This has consequences for the effectiveness of rural policies: they should be able to take regional differentiation at rather low aggregation level into account. Generic policies at the national level, but also at the level of regions and provinces will not be able to do justice to the varied pattern of policy challenges that has been found at the sub-regional level.

The constraints on rural areas in the Netherlands are not unique but still quite extreme when compared to rural areas in other OECD countries: the Netherlands is very urbanised and very densely populated. As such, every rural area in the Netherlands is close to cities and subject to pressures from

these cities. This situation might be similar to Belgium and England, but the Netherlands has a large agricultural sector that is very export focused. Spatial planning in the Netherlands has for a long time tried to separate urban and rural spheres, but reality has changed considerably in the last decade. Rural areas in the Netherlands are quite autonomous areas in many respects: their economies are quite locally oriented and they offer many opportunities to shop, recreate and make use of public services when compared to other rural areas in the OECD. At the same time, they are becoming increasingly interdependent on urban areas: commuting between rural and urban areas has increased substantially in the last decade, as the share of agricultural employment has fallen considerably.

Rural areas in the Netherlands have been performing well economically. Intermediate provinces have relatively high income, low unemployment and they lack many of the social problems of similar areas in the OECD. Quality of life is good, there is no de-population and the level of public services is relatively comparable to that in urban areas in the Netherlands. Apart from some innovation indicators, the economic and social differences between regions in the Netherlands are modest. There are however some persistent differences within regions: some rural areas have considerably higher unemployment and lower labour productivity. There is a strong agricultural sector, but rural areas are not dependent on farming as there are several other developed sectors. It might be a challenge to find synergies between traditional and new economic sectors in rural areas. Both intensive agriculture and urban pressures have over several decades led to deterioration of biodiversity, changes in and partial disappearance of rural landscapes. This continues to be a policy challenge.

Future developments will increase the demand for rural land. The Dutch population will continue to grow in many future scenarios, household size will continue to fall; this will not only lead to more urbanisation but also to intensification of already large demand for rural housing and recreation. The increase of commuting from rural areas will most probably continue, leading to more crowded local transport infrastructure. Concerns about climate change will lead to more claims on land for water retention and renewable energy sources. Concerns about biodiversity will lead to more claims on land for nature. Trade liberalisation and reform of EU agricultural policy might increase the reduction of the number of farmers, but the consequential reduction of agricultural land use will be limited. It is thus foreseeable that there will be more claims on rural land than will actually be freed up. Mechanisms will be needed for priority setting in land use and implementing them. At the same time, the challenge will be to increase the possibilities of multi-functional land use.

Other developments underline the importance of regionally differentiated policies. Ageing will become most evident in rural areas, bringing demand for specific services. Trade liberalisation in agriculture might lead to disappearance,

up-scaling, re-localisation and more regional embeddedness of agriculture. Increased ethnic heterogeneity in cities might change the urban demands for agriculture. The growing interdependence between cities and rural areas will continue, leading to changing perceptions of what rural areas should provide. All these developments will work out differently in the various rural areas in the Netherlands. Responsiveness to these changing local contexts will require regional differentiation in rural policies.

Regional differentiation might possibly become larger in rural areas in the Netherlands, according to closeness to cities. Farmland near cities might remain farmland, but farmers will increasingly have to provide in services asked for by urban population, ranging from landscapes, nature values, regional identity, care and other services. Rural areas further away from cities might continue to be areas of export-oriented agriculture.

In summary, the current state of rural areas and future developments relevant for rural areas in the Netherlands would suggest that there are three challenges for rural policies in the Netherlands. The first challenge is to take into account regional and local preferences and specificities; and provide regional actors with room and instruments to be responsive to local needs and developments. The second challenge is to find mechanisms that facilitate choices about future land choice; these mechanisms should be able to answer to what extent urban pressures should be contained and to what extent the different land claims can be prioritised and possibly be combined. The third challenge is to find mechanisms for landscape management and biodiversity policies in a highly densely populated country.

Notes

1. The *OECD Territorial Database* uses several aggregation levels. The Territorial Level (TL) 1 is the national level; the TL2-level corresponds to four areas in the Netherlands; the TL3-level is formed by the twelve provinces; the TL4-level by the 40 COROP-regions and the TL5-level by the municipalities.
2. For reasons of comparability the comparison here is with intermediate areas (TL2-level) from EU15-countries.
3. Destinations vary according to sub-sector. Farmers in the horticulture sector are most interested in Spain, the US and Kenya; arable farmers go to Poland, pig farmers to Germany and some to Belgium. Dairy farmers mostly go to Denmark or Germany, but some choose to locate themselves in New Zealand.

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Chapter 2

Rural Policies in the Netherlands

This chapter assesses rural policies in the Netherlands and its most important challenges. It begins with a presentation of the current policy framework, including main actors and programmes involved in rural development in the Netherlands. It then presents the main challenges for rural policies in the Netherlands, analysing the elements that represent the key obstacles to an effective rural policy in the Netherlands.

Key points

- Rural policy in the Netherlands has recently been decentralised. An area-based policy approach that came up in the 1990s has evolved in a more comprehensive rural policy, that is decentralised and uses contracts as an instrument to coordinate central-regional relations. Decentralised rural policies will in principle be able to provide regionally differentiated policies. There are however concerns about coherence of policies, provincial capacity and regional autonomy. Not all the rural policy programs are covered by the block grant for rural policy. National rural policy is skewed towards nature and agriculture, whereas many other national policies do not take rural areas into account.
- Decentralised area-based policies increase the possibility of locally adapted solutions. Other instruments could further stimulate the balance in rural land use. Use of price signals and cost/benefit-analyses could for example help to make sure that the value of non-commodities outweighs social welfare costs. Demands for land could be weighed by more urban-rural interaction, for example via urban strategies, city-region governance, urban-rural amalgamation and simplification of regulation.
- The conditions on the rural land market complicate matters. Prices for agricultural land are high and the gains from land conversion can be large. Municipalities used to have a dominant position on land markets and used gains from land conversion to finance green spaces and other facilities. As municipalities have lost this dominant position, their possibilities to provide green spaces have become more limited. Although there are schemes to skim off these gains, such as red-for-green-schemes, they turn out to be inadequate. The new Land exploitation act is a step forward but challenges remain.
- Nature and landscape values have been promoted in designated areas, but there are possibilities in many other areas in which regional initiatives are crucial, to update planning concepts and to make sure that agriculture is environmentally friendly. Voluntary modulation might help to promote landscape and nature values, as well as better use of environmental schemes for rural land owners, by bringing down transaction costs, providing continuity and solving principal/agent-problems. Local authorities are compensated for most of their costs, but their possibilities to fund rural amenities are limited. Private contributions to nature and the environment have been relatively limited.

Introduction

This chapter will look at the Dutch rural policies and the way they manage the challenges identified in the first chapter. Rural policies are here understood as policies that are explicitly focusing on the challenges of rural areas. As these challenges can be of varied nature, one would expect rural policies to be multi-faceted focused on instruments to develop an area. The brief description of rural policies in the Netherlands will provide an overview of recent developments and their impact on the challenges in rural areas.

2.1. Rural policy in the Netherlands

Rural policy in the Netherlands has for a long time been a sectoral policy. Agricultural production was a main government concern after 1945 and policy for rural areas was in most cases synonymous with stimulating the agricultural sector to become more productive. Land exchanges were organised in order to rationalise production and land use policies were separating urban development and rural land use. The agricultural sector had a strong influence on the policies of the Ministry of Agriculture, which was strengthened by a strong tradition of corporatism and co operation. Since the 1970s, nature issues and the environment have become interwoven with agricultural policy. The first agri-environmental schemes began and rural policies became in that sense more multi-faceted. Joined up government plans for areas were rare. Interaction with civil society remained rather limited.

A more area-based approach has come up since the 1990s…

Since the 1990s a new trend in Dutch rural policy has emerged. Within the framework of integrated region-oriented policies, regional collations of state, civil society and market parties started seeking solution for rural problems by carrying out specific projects. A key characteristic of the new policies is the integrated approach to rural problems, with an emphasis on public-private partnerships and joint decision-making at the regional level. Instead of dealing with one dominant sector and one single policy objective, the new approach aimed for integration, synergy and "win-win" – situations. The new governance strategy revolves around co operation among the representatives of various stakeholders from state, market and civil society.

Several developments are responsible for the rise of the integrated region-oriented policy approach. The model that had long dominated the Dutch countryside consisted of a strong alliance between state and market (agriculture), excluding civil society. The new integrated model grew out of policy failure caused by lack of adjustments to regional contexts and fragmentation of agriculture, environment, nature and spatial planning in separate policy domains. The new strategy was gradually introduced in the Netherlands through

projects such as the restructuring of the countryside: projects to promote the development of nature preserves, to organise comprehensive water management and to protect valuable cultural landscapes. One of the largest projects has been the restructuring of intensive livestock farming.

Since the 1990s, these area-based policies have operated alongside the conventional rural policy network. Officially, this area-based policy was subordinate to the conventional national, provincial and regional spatial policies. Informally though, the goals of conventional policies were aligned with the outcomes of area-based policies, as they were the result of intense community and expert involvement. As such Dutch rural policy has been the interplay of two entangled policy networks (Boonstra and Frouws, 2005).

… evolving into a more comprehensive rural policy…

There is an explicit policy for rural areas in the Netherlands. This policy is expressed in several documents by the Dutch national government. The basis of current rural policies is formed by the *Agenda for the living countryside* and the *National Spatial Strategy*, both dating from 2004. This document included a vision document and a more operational document, the *Multi–year Programme for a Living Countryside*. This last document was updated in 2006, with operational details from 2007 to 2013. In addition, there is a national rural development plan that was made in preparation for allocation of EU subsidies under Pillar 2 of the Common Agricultural Policy.

Rural policy in the Netherlands seeks a balance between economic, ecological and social-cultural interests. This is translated into a vision of an area where agriculture is both competitive and sustainable, where biodiversity and landscapes are maintained and improved and where inhabitants have access to social services. This is all summarised in its approach to take account of people, profit and planet (the so-called 3P-model). The rural policy vision frames the transformation that has taken place in rural areas as one from production areas to consumption areas. Attention is paid to the demands of urban citizens with respect to rural areas, such as their needs for recreation and enjoying nature areas.

These area-based policies should result in more coherent policy choices, unhindered by compartmentalised sector policies. For that reason the *Agenda for a living countryside* tries to present policy issues from all relevant angles. The document was drafted by the Ministry of Agriculture, Nature and Food Quality, but the policy issues in the document are not exclusively under the responsibility of this Ministry. For example, in the case of land use planning and environment the Ministry of Housing, Spatial Planning and Environment is responsible. However, several connected policy documents, such as the *Spatial Planning Memorandum*, the *Mobility Memorandum* and the regional-

economic policy document *Peaks in the Delta*, were coordinated with each other and were presented more or less at the same time.* The philosophy behind the new rural policy has been confirmed by the Balkenende 4-government that started in the beginning of 2007: both the government program and the budget for 2008 of the Ministry of Agriculture, Nature and Food Quality are in line with the *Agenda for a living countryside*.

This rural policy, as expressed in the *Agenda for a living countryside*, has been translated into a block grant for provinces that integrates several budgets and policy instruments. This block grant is called "Investment budget rural areas" (*Investeringsbudget Landelijke Gebieden*: ILG). Budgets for several goals related to rural areas have been integrated into this budget. Areas covered include the creation of nature areas, national parks, restructuring of agriculture, recreation areas, landscape management, soil improvements and water pollution. Most of these budgets are connected to existing policy programs and instruments. The program on nature creation aims to create national ecological networks (NENs), these are nature areas to improve biodiversity. The program on national parks aims to improve environmental quality and control water depletion. More recreation areas are to be created around towns and the conditions of sandy soil areas are to be improved by the restructuring of intensive livestock farming. There were also some new commitments added to the rural budget, such as those for the development of the twenty national landscapes that were announced in the 2004 National Spatial Strategy.

… more decentralised…

The possibilities for area-based policies were increased by the decentralisation of rural policies. The philosophy of the Agenda for the Living Countryside (and the National Spatial Strategy) is that the national government should only set out overarching strategic guidelines, but that concrete policies should be made as much as possible at the regional and local level. More room should be given to sub-national governments; rules and regulations that would hinder decentralised policy making would have to be abolished. Experiments and pilots were announced and a new funding system was set up to guarantee regional room for manoeuvre. A few areas remained national responsibility, such as national landscapes and the clustering of certain agricultural areas, for example horticulture and intensive pig farming. This wave of decentralisation went hand in hand with decentralisation within the field of spatial planning.

* The Spatial Planning Memorandum was made by the Ministry of Housing, Spatial Planning and the Environment. The Mobility Memorandum was made by the Ministry of Transport and Water Management. *Peaks in the Delta* was made by the Ministry of Economic Affairs.

Decentralisation of national land use policies has led to less national restrictions on land development. The national government formulated certain areas where building was to be restricted, but did not intend to cover the whole map of the Netherlands. Building activities within the national landscapes were allowed provided that these activities fit within the spatial quality criterion characteristic to the landscape. Development activities in the national ecological networks need to be complemented with nature areas elsewhere. In order to implement this system of developmental land use, more room was given to provinces to come up with area development plans. Legislation was introduced to enforce the position of regional and local governments when it comes to land use policy and the exploitation of land.

… and using contracts as an instrument to coordinate central-regional relations

Key to this approach is the agreement between the national government and the individual provinces on performance targets to be reached. These targets are agreed upon in negotiation between the national government and the provinces and expressed in contracts that span the whole period of seven years. Progress on these indicators is monitored every year. A midterm evaluation is planned in 2010, which might be a moment to adjust targets or calibrated benchmark costs. A final evaluation will take place in 2014 to find out to what extent the performance targets have been reached. Provinces that did not realise their performance targets might be asked to reimburse part of the block grant. At the same time, the *Agenda for a living Countryside* mentions that provinces that do not meet the criteria could be subject to a reduction of the grant that they are entitled to after 2013.

Most of the performance targets are quantifiable. The contract between the national government and the province of Utrecht for example contains the following performance indicators: acquisition of 1 494 hectares for the ecological main structure, develop nature on 1 932 hectares, maintain nature on 16 609 hectares, reduce dried up areas with 5 141 hectares, conserve nature in 2 871 hectares outside the ecological main structure. In addition to those on nature, there are also targets on agriculture, recreation, landscape, soil, water and the reconstruction of sandy soils.

A new fund was introduced to finance rural policies: the Fund for Rural Areas. This fund bundled several smaller grants into one block grant for provinces. This block grant was secured for a relatively long period, namely seven years, from 2007 to 2013. Provinces have flexibility in using the money from the fund: they can shift money between years and do not have to pay back what they did not spend in a certain year. The budget of the fund for rural areas is determined by multiplying performance targets and fixed norm costs per

performance indicator. The estimated annual budget per year coming from the national government is EUR 512 million. The total budget (including the money that provinces and other parties provide) is EUR 705 million per year.

There are more rural policy programs than those covered by the rural budget

The themes in the broad *Agenda for the living countryside* are only partly covered by the rural budget. Several programs of different ministries impact on rural areas. This includes programs and budgets regarding agriculture, nature conservation programs, environmental protection, water policies, tourism, regional development, knowledge and innovation. Therefore, it would be incorrect to consider the rural budget the only national fund available for rural policies in the Netherlands.

The national government does not provide an overview of all the funds going to rural areas. Estimations have been made by the Advisory council rural areas (RLG 2005b) on the total funds available for rural areas (see Table 2.1), but several objections can be raised about these estimations. First, it is not clear what definition of rural areas is used. Second, several items that are included seem to be only slightly related to rural policies (such as Wageningen University and Research Centre). Third, the costs of the national government apparatus connected to the several instruments, seems to have been included in the calculation. Despite its shortcomings, the estimations seem to be the best indicator of funds available for rural policies in the Netherlands. This is in remarkable contrast with the situation with respect to urban areas where the national government has been able to provide an overview of all the available funds for the large cities in the Netherlands, within the framework of the national urban policy.

Table 2.1. **Budgets available for rural areas in the Netherlands (2006; in million euros)**

	EU	National government	Other sources	Total
Agriculture	1 121	478	106	1 705
Nature and landscape	23	511	16	550
Recreation	5	111	9	125
Economic development and quality of life	54	117	51	222
Physical infrastructure (water, environment)	10	192	1 264	1 466
Knowledge and innovation		861		861
Total				4 929

Source: RLG, (2005b), "Kies Positie in Transitie; Advies aan de Tweede Kamer over Financiering van Transities in het Landelijk Gebied", Publicatie 05/10, *Raad voor het Landelijk Gebied*, Den Haag.

European programs for rural development also have a large role impact on rural areas. Funds coming from the second pillar of the Common Agricultural

Policy are used by provinces to stimulate economic development, development of nature areas, diversification of agriculture and tourism. Income support to agriculture has also had an impact on rural areas in the Netherlands in terms of economic viability and maintenance of farmland.

Rural policy in the Netherlands will have to address the three policy challenges that were found in the first chapter. These three challenges are: decentralisation, land use planning and landscape and biodiversity policies. However, it needs to be recognised that the implementation of the new rural policy has just started. This makes it too early to judge the policy reform; the assessment of current policies is thus an *ex ante* evaluation.

2.2. Decentralisation

The first chapter showed that variation within a region or province in the Netherlands can be as large as the differences between regions and provinces. This has consequences for the effectiveness of rural policies: they should be able to take regional differentiation at rather low aggregation level into account. Generic policies at the national level and at the level of regions and provinces are not sufficient to handle the varied pattern of policy challenges found at the sub-regional level.

Decentralisation of rural policies in the Netherlands was a sensible idea…

There were good reasons to decentralise rural policies in the Netherlands. There is considerable variety among rural areas, depending on soil quality, closeness to cities and other factors. Effective adaptation to local circumstances and preferences will need decentralised area-based policies. Experience over the last decades in the Netherlands showed that national policies were becoming increasingly inadequate to take these local circumstances into account, leading to a rise of bottom up initiatives. The lack of coherence of national policies mentioned earlier was another good reason to decentralise. Central government policies remain in many cases fragmented along sectoral lines, despite insistent reform efforts to create more coherence. Decentralisation is a way of solving this stove-piping, provided that sectoral segmentation is not repeated in regional policies. Decentralisation of rural policies is all in all a sensible approach.

There are two sub-national government tiers in the Netherlands. There are 12 provinces and around 450 municipalities. Provinces carry out responsibilities within the field of infrastructure, such as provincial road networks and regional planning. Municipalities have more responsibilities within social domains, such as social assistance, labour market and social housing, as well as classical municipal tasks on waste management and sewerage systems. In addition to these two sub-national government levels, there are 26 water boards in the

Netherlands that have designated responsibilities regarding water management, dike maintenance and control of the water level. Councils of provinces, municipalities and water boards are elected by the population.

The provincial level is in principle a suitable level to carry out rural policies in the Netherlands. They have responsibilities in infrastructure and planning, and regional coherence is potentially enlarged by adding rural policies into this regional planning. Moreover, many of the issues that are relevant for rural areas go beyond the border of municipalities. As such, provinces are thus probably better able to internalise externalities from area-based policies.

The new rural policy is a step forward and helps the provinces play a constructive role in rural policies. It integrates budgets for rural areas that were formerly different specific grants and provides more budget flexibility. Budgets have in principle to be secured for a period of seven years, which provides financial stability and could lead to an increase of multi-year planning from the side from provinces. Several specific policy instruments have been abolished and merged into the fund for rural areas. The whole process leading up to the signing of the contracts between the national and provincial governments may also have helped to explicitly underline the important role that provinces could play for rural areas.

… but several challenges remain…

There are large differences between provinces when it comes to implementing the new rural policy. The philosophy of the new rural budget is that it should stimulate developmental approaches that are long term, coherent and holistic, based on multi-annual area visions and programs rather than projects. In many instances, the rural budget has not been used by provinces to implement this philosophy. There seems to have been limited co-operation with stakeholders in making the plans; there are hardly any plans that can be considered the result of co-operation of provinces and external parties. Several provincial multi-annual rural policy implementation programs add up already existing sectoral projects, of which the inter-relatedness is unclear. However, some of the provincial programs (such as the one of Groningen) use the vision of the different areas within their province as basis for an area-based program that includes policy instruments (Groningen 2006).

These provincial differences are reflected in organisational structure. Provinces are in most cases organised along a traditional sector structure. Implementation of the rural budget is then usually the responsibility of one of the sector directorates. The responsibility for rural policy is in many provinces divided over several sectoral directorates; program management is sometimes used to achieve coherence in policy initiatives. There is in most cases limited

involvement of the provincial politicians in executive provincial council (De Graaf, 2006). The province of Groningen uses a matrix organisation to co-ordinate rural policies; policy making, implementation and control all fall under the responsibility of one team of directors responsible for rural policies (PAU, 2005). The limited degree of implementation of the new rural policy philosophy is connected to national policy coherence, provincial capacity and limited provincial autonomy.

… with regard to policy coherence…

The enduring dominance of sectoral approaches might be related to the rather limited coherence of national policy instruments for rural areas. Although the presentation of challenges for rural areas in the *Agenda for the living countryside* takes many issues into account, the instruments for realising these goals are not integrated in the new rural budget, but remain part of sectoral programs of different ministries. This makes it more difficult for provinces to create a coherent rural budget. This complexity is further increased by the different steering philosophies of policy programs that impact on rural areas.

Examples of budgets that could have been integrated with the new rural budget are those for water policy. After centuries of reclaiming land from water by pumping water out of the country, policies have in recent years shifted to more water retention. National policy strategies such as *Room for the river* have indicated the need to use land, in most cases farmland as retention areas. This need will only become more imminent over the next decades as climate change will increase the risk of flooding and more demands for use of rural land for this purpose will be articulated. Water is one of the essential carriers of quality in rural areas, both for nature, agriculture, tourism and other economic activities. As several spatial functions can be combined in water areas, several departments have agreed in the National water agreement to fund water activities that would also take their sectoral goals into account. The limited integration of the resources for water in the rural budget will limit the area-development in the areas with a lot of water.

This lack of comprehensiveness in the rural budget can in turn create segmentation at the provincial level. Although provinces attempt to develop integrated and coherent plans for area development, financial resources have in many instances to come from sectoral directorates within provinces that have their own contacts with sector ministries. Although the plan may be developed in an integrated way, implementation will then usually get a sectoral twist. Considerable differences in steering philosophies and accountability structures hinder provinces in developing integrated rural policies. National funding sources that can be used for rural policies can take the form of a general grant, the rural budget and several specific grants that all have their own rules for how to account for budgets.

Multi-level governance responsibilities complicate provincial policy coherence. The Netherlands has since long a government system in which several government tiers have shared responsibilities for public services. This usually takes the form of national government regulations on local public service delivery, but it also impacts on provincial governments. The 2004 Spatial Memorandum has in some way intensified these joined up responsibilities as it decentralised parts of land planning policies to provinces. The functions of the different government tiers in the Netherlands are not always very clearly defined, leading to situations in which national, provincial and municipal governments (as well as platforms for intergovernmental collaboration) can all be involved and block decisions and in which nobody is the main responsible actor. This administrative situation has been coined "administrative crowdedness" and led to complaints of regional and local politicians, especially in the Randstad (Holland 8, 2005).

A form of this crowdedness is seen in the programs where overlap exists but where the implementation is in different hands. This is for example the case for the creation of green recreation areas around cities, that forms part of the rural budget but for which also a program exists in the national urban policy aimed at 31 large cities in the Netherlands. Co-operation between municipalities and provinces becomes more challenging now that the planning period for the rural budget has been set at seven years, which does not correspond to the usual municipal planning horizon of four years.

There is no guarantee that provinces will stimulate regional activities at a lower aggregation level. The need for pilots is established beforehand, rather than leaving room for it in the process as part of a learning experience. Many different regional actors have in practice been instrumental to further area-specific policies. Initiatives have been taken by actors as different as municipalities, water boards and private organisations (see Box 2.1). This is only logical as regional contexts are different. These activities by regional actors are essential for an area-based, decentralised rural policy. There are however not many indications that the national rural policy stimulates provinces to make use of these bottom up–initiatives.

The existence of European funds for rural development adds another layer of complexity. Although co-financing by provinces should guarantee that these would be used in an integrated manner, it is clear that they are not connected to funds and targets from the national government. Both the European Commission and the national government provide funds for rural development, but these funds seem to remain separated and it is questionable whether provinces manage to bring synergies into these different funding streams. The different accountability and control mechanisms will not provide an incentive to do this. EU legislation in a broader sense also poses

Box 2.1. **Environmental co-operatives**

Environmental co-operatives are regional groups of farmers, in some cases including citizens and other rural stakeholders, such as environmental organisations, local authorities and animal welfare groups. Their aim is to integrate environment, nature and landscape objectives into the farming practice from a regional perspective. The first environmental co-operatives in the Netherlands were founded in the early 1990's, as a reaction to environmental rules and regulations that were considered inadequate for the specific regional context. Establishing environmental co-ops was a means for farmers to create more room for self-regulation in order to develop locally effective means to realize environmental objectives. This continues to be the case. The work program of the environmental co-operation for the Frisian Woodlands for example contains many constructive proposals to find region-specific applications and improvements of national policy goals and fills in many of the themes that national rural policy has left open, such as biomass energy production, involvement of youth and broadening the rural economy (Noardelike Fryske Walden, 2005). In the last decade the number of environmental co-operatives and similar organisations in the Netherlands has grown to approximately 300. The approach of the Ministry of Agriculture, Nature and Food Quality towards them has been described as "reluctant and fearful" (Wiskerke, *et al.*, 2003).

challenges for national and regional governments in that they constrain the room for manoeuvre that is felt, for example when it comes to providing green and blue services in rural areas.

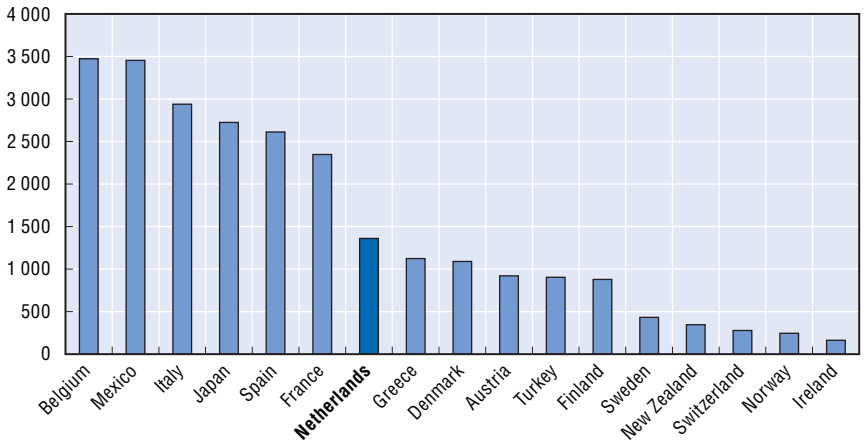
… provincial capacity…

Provinces have for a long time played a less dominant role than central government and municipalities. Dutch government is fairly decentralised when compared to other OECD countries, but it is the municipal level in the Netherlands that has most of the sub-national responsibilities and resources: the resources of all municipalities are about eight times those of all provinces. Despite its relatively decentralised nature, central government holds a strong influence in local decision making. This leads to situations where strong municipalities, such as the four largest cities (and to a lesser extent the 25 largest cities), negotiate and coordinate policies directly with central government. The provincial level is thus bypassed, making it difficult to fulfil a regional co-ordinating function. The twelve provinces in total have a staff of around 11 500 full time equivalents; on average less than 1 000 full time civil servants per province. This accounts for 1.4% of the total labour force in the Dutch civil service. Municipalities, in contrast, have a share of 20%; with an average labour force of 360 full time workers per municipality (Ministry of the Interior, 2006a). The municipality of Amsterdam employs 18 500 civil servants (PWC, 2005); this is

more than all provinces together. Although some of these workers are engaged in providing services rather than in making or implementing policy, this number gives an indication of the relative staff capacity of provinces.

From an international perspective, Dutch provinces have few resources. The average Dutch province spends EUR 200, – per inhabitant; this is the lowest expenditure level of regional governments within the EU-15 (together with those of Belgium and Greece); and ten times less than regional governments in Denmark and Sweden can spend (Dexia, 2002). Unlike those in the Netherlands, many regional governments within the OECD have responsibilities for education and social welfare, in addition to those for the road network and environmental protection. The size of provinces is average from an OECD perspective. Although some OECD countries have regional governments that are responsible for more inhabitants, regional government size in the Netherlands is by no means exceptionally small (see Figure 2.1).

Figure 2.1. **Average size of regional governments in OECD countries (inhabitants per regional government)**



There are concerns about provincial capacity. The question has been raised whether the culture and implementation capacity of provinces is suited to play an active role in area development. The culture within the provincial apparatus has been characterised as risk averse with a focus on production of policies and operational rules, rather than on design of processes and products. According to some observers an active culture change would be needed for provinces in order to become more entrepreneurial (Lokker, 2005). The capacity to implement area-based policies has also potential for improvement. A lack of expertise and knowledge is reported on process and project management, market development, finance and treasury, negotiation and engineering (Lokker, 2005).

Although many provinces are facing the same challenges when it comes to process management, there has been little inter-provincial co-ordination (De Graaf, 2006). In all fairness, also the other government tiers seem to face challenges when it comes to area planning (VROM-Raad, 2006).

… and when it comes to autonomy given to provinces…

Provinces have expressed concern about their room to manoeuvre. A widely felt sentiment among provincial authorities is that the introduction of the new rural budget has given them hardly any more autonomy when it comes to rural policy. The instruments that can be financed with the rural budget come with many regulations, for example for the National Ecological Networks and the environmental schemes. Land acquisition rules for the National Ecological Networks are considered to be complex and non-transparent.

The relationship between the national and provincial governments is illustrated by the contracts between central and provincial governments, by which the national rural policy responsibilities have been delegated. Contracts can be efficient instruments to transfer responsibilities. It is however important to design contracts in such a way that thus are suited for the complexity of the policy domain, the inter-dependence between national and local policies and the desired knowledge sharing between government levels (see Box 2.2).

An open, "relational" contract would have made good sense, considering the circumstances of rural policy in the Netherlands. Rural areas in the Netherlands are highly embedded within urban areas. Their pressures for certain land use, in combination with several developments that intensify the claims for rural land, lead to a highly complex situation in which several policy areas, such as agriculture, land use planning, recreation, nature conservation, water management, regional economic development and social service provision interfere with each other. As several of the policies for these areas are implemented at different levels of government, there is a high degree of vertical interdependence. National policies over the last decades were not considered to be highly successful, whereas provinces have for a long time been looking for a role in regional planning and co-ordination. This suggests a situation in which desirable policy interventions and instruments for implementation are not completely clear; policy innovation would rather be needed for. All these contextual factors would have made open contracts with provinces a logical choice where mechanisms for mutual learning could have been facilitated.

Instead, the contract design is closed and "transactional". There are very precise criteria, prescribed instruments and a sanction mechanism. The national rural policy describes precisely in what way provinces have to achieve their goals when it comes to biodiversity: they have to acquire land and transform it into "nature". An additional constraint is that the price of the land

Box 2.2. **Contracts between different levels of government**

Contract theories point out that there are two polar forms of contracts that correspond to highly contrasted logics: "transactional" contracts on the one hand and "relational" contracts on the other hand. Transactional contracting points to a logic by which the respective duties of both parties can be stated in advance. All coordination problems can be stated *ex ante* and the agreement between the parties states the reciprocal duties of each of them. The resulting contracts are "contingent" and "complete" in the sense that they set the obligations of each of the parties as a function of external events and of the actions of the other party. The only challenge is to encourage the parties to enforce their obligations. As a result such types of contracts implement "incentive schemes" and are supervised by external third parties, such as the judiciary. On the other hand, relational contracting corresponds to a logic by which the parties commit to co-operate *ex post* (after the signing of the contract) and design a "governance mechanism" for that purpose. The parties agree to follow *ex post* the instructions of a common decision mechanism and to implement a specific bilateral mechanism to manage their potential conflicts. Co-ordination problems are solved *ex post* and supervision of the enforcement of the agreement tend to be bilateral and to rely on co-operative spirit.

Four dimensions of the relationship between levels of government are identified as having a major impact on the contractual logic to be implemented: the distribution of knowledge between parties, the complexity of the policy domain, the degree of inter-dependence between national and local policies and the enforcement context. Delegation of authority can be motivated by the willingness to benefit or transfer skills and information among levels of government. When one of the levels of government is unskilled or uninformed in a policy domain, it would be ineffective to develop a transactional or relational contract. In this situation contracting should rather be used as a way to learn and experiment. Contract design should then be focused on knowledge sharing. When the two levels of government have the same level of skill in a particular policy domain, they could be in a situation of innovation and discovery, or in a situation in which everything is perfectly clear. When innovating, an incomplete contract should be made in which a co-operative relationship is managed. In case the domain is completely clear to all parties, a complete contract should provide both parties with the "optimal" incentives to jointly perform the tasks that have to be managed at both levels. When co-ordination is about complex matters, complete contracting and precise control of the behaviour of the sub-national government is difficult. This leads to incomplete contracting. This can be a problem if the contracted policy covers a wide set of domains because the slack of sub-national authority might be too wide, particularly if the central government is ultimately accountable for the policy. When there is a high degree of vertical inter-dependence, government levels should use a co-operative logic and implement a rather complete contract and an associated governance mechanism. In order to avoid fuzziness and attempts to avoid political accountability, these bilateral commitments should be as "verifiable" as possible (Barca 2005, OECD 2007d).

should not exceed the market price for the land. This does not leave provinces with much room to manoeuvre, develop integrated policies and adapt to regional and local circumstances. Provinces are seemingly used as agents of the central government to implement national policies to accomplish a National Ecological Network.

An important drawback of contracts can be the asymmetry of information between contractors. The central level is usually less informed about local circumstances; it can be misinformed about what targets are feasible and unfeasible. During the negotiating process leading up to the contracts, provinces have an incentive to present local information in a way that allows them to get resources for what they would do anyway. This is especially the case for contracts – as is the case for the Dutch rural contracts – in which no room is provided for further joint exploration. It is important to get away from a logic in which parties will exclusively do what they think feasible enough to put in a contract. An important role could be played by incentives to reward achieving the overarching goals, regardless of the instruments used. There are no positive rewards for provinces advancing on one of the overarching goals; instead there are sanctions.

The sanction clause in the contracts may not be an effective incentive. The contracts of national government with the provinces provide sanction mechanisms in case targets have not been reached. Part of the rural budget needs to be refunded when a target is not achieved, except for certain exogenous circumstances in which case this would not apply. It is questionable whether the threat of this sanction will have much effect. It is difficult to imagine that a central government will ask for refunds from provinces that have not met their targets, which would in turn make it more difficult for them ever to reach their targets. This impression is reinforced by the experiences in national urban policies, where 58% of the targets agreed on by cities were not reached without any consequences for the cities concerned (BZK, 2006b). Moreover, the central government will not be credible to use the sanction when it has breached the contract. This credibility has been reduced, as the central government decided in its budget of 2008 to cut the rural fund with EUR 20 million and ask provinces to come up with this amount.

2.2.1. Coherence and comprehensiveness of national rural policies

National rural policy is skewed towards nature and agriculture…

The main share of funds going to rural areas is related to agriculture and nature goals. More than 85% of the new block grant for rural areas is spent on these two areas. Concerns over nature and landscape are strongly expressed in the Multi-annual programme of the *Agenda for the living countryside*. The focus is on nature, landscape and environment; these are the themes that fill the pages and are translated into performance indicators. Most of the investment budget

for rural areas is reserved for nature. Around 65% of the national government money that is going into the investment budget is reserved for that goal. If the expenses for recreation and landscape are included, this expenditure share amounts to 84%. Although provinces are not obliged to spend the investment budget in exactly the same way, they will probably follow the same prioritisation if they want to be able to deliver on the agreed performance targets. The weight of categories in the fund is in line with the Dutch priorities in the EU rural development funds for the Netherlands over 2000-2006 in which nature and landscape was also the most important spending category.

The same skewed focus can be found in the Dutch prioritisation of EU rural development funds. Over the period 2000-2006, only 2% of the second pillar-funds for the Netherlands were spent on diversification of the rural economy; the largest spending category was nature and landscapes that took up 38% of the budget. The Dutch rural development plan for 2007-2013 has however a more balanced outlook, with 30% each on the first three axes and 10% on the fourth axis.

… whereas many other national policies do not take rural areas into account

Regional development policies in the Netherlands lack a rural focus. Traditionally regional policy was used to support lagging regions to catch up. Since 2004, the underlying philosophy is that strong regions need to be developed to grow even stronger. The report *Peaks in the Delta* forms the expression of this idea. In this report six regions are identified that will have to be strengthened. It was then up to these regions to develop plans on which themes the region could be strengthened; these plans came into effect in 2006. Regional-economic policy has in effect become more oriented towards urban areas. Regional policy traditionally supported Northern Netherlands, but this support has been phased out. As a result intermediate provinces, such as Friesland and Drenthe, no longer form part of the regional-economic policy plan. The core of the six regions in *Peaks in the Delta* is formed by urban areas. Most of the themes proposed in the different plans are on the urban economy. Agricultural sectors that were involved in the plans were the highly industrialised sectors located near large cities, such as the horticulture sector. This means that intermediate provinces such as Friesland and Drenthe will have to generate strong regional clusters on their own, whereas the national government plays a stimulating role for the urban provinces. Since the creation of synergies between different economic sectors, for example between agriculture, the food industry and other economic sectors, is complex and can require co-ordination beyond the boundaries of provinces, this is a challenge to these provinces. One of these issues that might require co-ordination is the unemployment of ethnic minorities in urban areas and the potential need for low skilled labour in agriculture.

Innovation policy seems to favour large sectors concentrated in urban areas. Dutch innovation policy takes the "backing the winners" – approach in order to avoid support of innovation in sectors that later prove not to be profitable. Around half of the budget of the Ministry of Economic Affairs that is reserved for innovation policy has therefore been directed at specific enterprises which fit this category. The downside of this approach is that few new and young innovative firms are supported, but rather the larger, established firms which have proved to be successful in the past. As firm size tends to be larger in urban areas and many firms in rural areas tend to be small or medium sized, most support from innovation policy is likely to go to firms in urban areas. Although a recent policy reform aims to replace several subsidies to specific firms in the same sector by targeting public funds at the sector as a whole, it is unlikely to change the urban bias of innovation policy. One of the sectors targeted in the innovation policy is Food and Agro, which has connections with the rural economy, but is more connected to agriculture than to the rural economy *per se*.

There are obvious links between renewable energy and rural areas, but no links have been established in policy networks. Government policy on biomass has been unsuccessful. Despite the renewable energy policies, growth of the renewable energy market in the Netherlands has been small and targets have not been met, due in part to the lack of coherence in policies. The failure to launch biomass digestion also relates to a mismatch between informal design rules in the electricity regime and formal rules in the agricultural regime. Local and regional authorities, when granting permissions, sometimes put on disproportional constraints for new biomass plants for safety, noise and stench because of unfamiliarity with manure digestion (Raven, 2004, Negro, *et al.*, 2007).

The relative un-connectedness of rural policies to the wider policy framework could also be explained by its governance structure. There is one directorate for rural policy in the Ministry of Agriculture, Nature and Food Quality. There is no Rural Committee on cabinet level, or on parliamentary level, as is the case in Finland. There is no rural budget or rural proofing of national policies and budgets, as is the case in the UK. Rural policy in practice depends largely on inter-departmental co-ordination.

2.3. Rural land use planning

Markets in themselves do not create optimal outcomes on land markets. They would lead to an underproduction of non-commodities, such as nice landscapes and nature values, so some form of public intervention is needed (see Box 2.3). Local authorities are closer to citizens and can in principle be the platform to decide on rural land use (provided that they do not have an incentive to ignore citizen's preferences). There are however externalities, so in some cases national government intervention is needed.

Box 2.3. **Non-commodity production of agricultural land**

The spatial extent of farmland means that its significance extends beyond commodity production to also encompass social issues of community, landscape and recreation plus environmental issues of pollution, habitat degradation and biodiversity. This multifunctional contribution is recognised explicitly in the European Model of Agriculture and is supported, if perhaps to a limited extent, by aspects of Pillar 2 expenditure. It is also explicit in the Dutch 3Ps model of People, Profit and Planet. An apparent effect of land management is upon the visual nature of the Dutch landscape and opportunities for recreational activities. Beyond the highly visible impact on aesthetic and recreational aspects of land, agriculture also exerts a less visible but still important environmental effect. For example, land management practices can greatly influence the extent of pollution problems, such as nitrate and sediment runoff into surface and groundwater from fertiliser or manure applications and field cultivation. Equally, farming can lead to habitat degradation and the loss of biodiversity – or indeed to improvements in both. The public benefits conveyed through the creation or maintenance of agricultural landscapes and environmental improvements are categorised as externalities. They arise from land management activities as by-products, produced jointly alongside agricultural commodities. As long as agricultural activity is undertaken, the externalities will arise.

Non-market benefits of agriculture are derived as either "use" or "non-use" values. The latter stem from people gaining satisfaction from knowing that goods and services are being maintained for others ("altruistic values"), for future generations ("bequest values"), or simply for their own worth ("existence values"), without any personal use being made of them. By contrast, "use" values derive from personal usage of goods and services. This may be "direct" via some form of physical interaction or "indirect" via intermediate services. A third category of "option" value may also be added here, to reflect the value attached to reserving the option to derive a use value in the future.

Landscape scenery is typically regarded as a positive externality with pure public good characteristics. It represents the outcome of activities by a number of individual land managers to produce a mosaic of land covers and attributes. The landscape produced is rarely the primary output of these management activities, being generated jointly as a by-product, with external benefits conveyed to others able to view it, either on-site, passing through or remotely via media images. Although perhaps difficult to quantify, these benefits are non-rival and non-excludable, meaning that if the underlying production activities alter, there is no formal market mechanism to signal that landscape change may decrease public benefits.

The Netherlands has a long tradition of land use planning. Many of these planning activities have focused on controlling water and creating land from wet delta lands. This, according to some authors, played a central role in shaping the Dutch identity (Schama, 1987). Since the 17th century land was created by pumping water out of wetlands and the Netherlands was already urbanised; there was an early for land use planning. However, this planning was limited in scope as it only took account of the city and its immediate surroundings. The rest of the Netherlands remained a waste land, which changed quickly after 1850 (Van der Woud, 2006). In the 20th century this tradition of land use planning was refined and intensified.

A clear division between urban and rural areas was a central goal of the land use planning of the last 50 years. In 1957 the first national land use strategy was published by the national government. A central idea of this document was that an uninterrupted metropolitan area should be avoided and that population growth should rather be accommodated in new cities that have a considerable distance to each other. This document introduced the concept of Randstad: a collection of cities with a so-called Green Heart at the centre. The wish to preserve a clear separation between urban and rural areas became the central policy concern. This concern has taken the form of several different policy concepts, such as "bundled deconcentration", the "compact city" and "red contours". Through the concentration of jobs and homes in larger urban centres the separation of rural and urban was encouraged, so the Dutch countryside was to be sustained as a rural environment, unblemished by urban sprawl and city influence.

These policies were implemented by national plans determining where building activities could take place, which was translated in land zoning. It was generally assumed that this separation of urban and rural land use reflected the preferences of citizens, although this hypothesis was never tested by allowing local authorities more room to determine land use planning. They were always only allowed to determine local land use within the boundaries of a strict national policy.

These land use policies have been relatively successful. Rural areas have to some extent been kept open and preserved from urban activities. Urbanisation has been bundled rather than taken the form of urban sprawl, maintaining a separation between urban and rural areas. There is still a Green Heart within the Randstad where urbanisation is limited. This has been achieved thanks to national policies; and mostly despite local governments who were in several cases keen to build in rural areas, including the Green Heart (Needham, 2007).

Over the last decades however, practice has un-done the long-held separation of urban and rural areas, as was mentioned in Chapter 1. The

Netherlands demonstrates inter-settlement linkages that appear to be nurtured by a relative disregard for the frictions of distance. Rather than revealing a geographically focused picture of urban centres surrounded by catchment rural zones, a complex network of interconnections with a variety of centres appears to exist, such that residents regularly by-pass proximate opportunities. The result is a travel map that is little affected by the density of opportunity structures; urban and rural are little distinguished by their connections, despite years of government policy promotions favouring an inverse relationship between population density and average travel distance.

Urban and rural landscapes have become intermingled. The boundaries of cities are touching on the boundaries of near-by cities, leading to a large connected and uninterrupted urban area, especially in the Randstad, but also in Brabant and other provinces. Rural areas have increasingly become urbanised, both when it comes to population and values. Commuting between rural and urban areas has increased, as well as the recreational use that is made of rural areas. There are large areas between urban and rural areas that have come into existence, over which land use planning seems to have little influence.

There are indications that these strict land use policies have had negative welfare effects. Scarcity of land for housing might have increased house prices in the Netherlands. There are indications of a 10% overvaluation of Dutch houses with respect to what fundamentals would indicate (Verbruggen, *et al.*, 2005). An update of this study indicates a further increase in the deviation from fundamentals by another 6% in the period 2003-2006 (OECD, 2008). An important factor behind this development is the inability of the housing supply to match demand, reflecting strict zoning regulation and other government interventions (Vermeulen and Rouwendal, 2007). Households in many areas would be significantly better off if the constraints on land supply were relaxed despite the reduction in non-market commodities that it would entail (Cheshire and Sheppard, 2005). There is a large demand for rural housing that continues to be remained unfulfilled because of land use restrictions.

Land use policies have over the last decade loosened the conceptual separation of urban and rural areas. The compact cities that were created did not lead to less but more mobility. The Fifth Spatial Strategy Document of 1999 introduced the concept of network cities, which suggested not only the linkages between different urban centres, but also between urban and rural areas. These more polycentric relations were also expressed in the European Spatial Development Policy that stresses the linkages between urban and rural areas, to which the Dutch government adheres (see Box 2.4). The 2004 Spatial Memorandum relaxed restrictions for more building activity within rural areas, allowing for example for building activities in national landscape areas, provided that these activities suit the basic quality criteria characteristic for the national landscape.

Box 2.4. **European Spatial Development Policy**

A significant dimension of the European Union's approach to development within its rural and urban territories is the European Spatial Development Policy (ESDP). A critical underlying assumption of the ESDP is that rural and urban areas cannot be treated in policy (or regulatory) terms as distinctive zones. Rather they are integrated in a mutually dependent and reinforcing interchange that ensures that urban problems are also rural problems, and *vice versa* . In particular, the future of city-regions is viewed as being significantly impacted upon by the ability of (regionally) central cities to compete in national, continental and global stages, with the prospects of surrounding rural areas inevitably being highly dependent on the economic performance of (regionally) central cities. The relationship between urban and rural that is presented in the ESDP is not conceptualised as either automatic or necessarily straightforward. Moreover, relationships are not portrayed as being driven simply by city-centred processes. Hence, the ESDP underlines that rural areas surrounding large cities are in a two-way dynamic, such that there is a need to integrate cities and surrounding rural and peri-urban zones within spatial development strategies. In effect, city-regions are not viewed as a "black box", nor as central cities plus appendages, but as an overlapping series of rural-urban influences on the dynamics of city-region change, in which a complex of rural-urban relationships exist. Given that the intensity of change forces vary in urban as well as rural realms, the ESDP emphasises that the success of policies that stimulate social, environmental and economic conditions are dependent on local conditions.

Central to the ESDP's understanding is the view that economic potential and city-region competitiveness are not short-term issues, but that they require sustainable policy objectives, not just in terms of city-region competitiveness but also as regards processes within city-regions. Central to the enhancement of citizens' quality of life, the ESDP is grounded in three key principles; namely, the promotion of economic and social cohesion; the conservation of natural resources and cultural heritage; and, a more balanced competitiveness with the territory of the European Union (Commission of the European Communities, 1999). Drawing on these principles, the ESDP makes a number of prescriptions that have particular bearing on urban-rural relationships, such as control over the physical expansion of urban centres; the promotion of social and functional heterogeneity, especially where social exclusion is a threat; effective and efficient management of the urban eco-system; improved transport accessibility, using environmentally friendly options; conservation and development of natural and cultural heritage.

Not surprisingly given this list, the ESDP commentary makes clear that regulation of development is critical. For peri-urban and rural areas, the achievement of these regulatory aims is viewed as depending on an effective, integrated approach toward town and country, with practical partnerships for coordination and co-operation. In order to achieve such objectives, collaboration and co-operation between regulatory (and other) agencies are seen to be important (Hoggart, 2005).

Land use policies have also become decentralised. Rather than pursuing nation-wide policy directions, authority has been delegated to provinces, with the national government more likely to see its role as limited to deciding basic conditions in fields like land-use planning. This is based on an underlying philosophy that lower tiers of government are best able to respond to local conditions and local preferences. Although the Balkenende-cabinet that started in 2007 has not altered this approach, certain government initiatives and projects suggest a slight re-centralising tendency (see Box 2.5).

Box 2.5. **Project Beautiful Netherlands**

The Balkenende 4 cabinet, installed in 2007, has formulated a beautiful Netherlands as one of its priorities. A project with this name has been started that aims at higher satisfaction of the population with the landscape in 2011. The reason behind the project is the "disappearance of green and open spaces and the ugliness that replaces it". The central government does not preclude that regulation will become stricter when provinces and municipalities do not pay more attention to the importance of green spaces. The central government mentions some of the constraints: 25% to 40% of new housing will have to be realised in existing urban areas; building in the countryside is only allowed when there are no alternatives; the openness of landscapes is going to be strengthened. The central government has selected 17 area development projects that are going to be implemented (*www.vrom.nl*).

At the same time, the focus has shifted from imposing restrictions to promoting developments. The concept of developmental land use planning is introduced, stressing the importance of area development carried out by public, private and civil society actors. The Ministry of Housing, Spatial Planning and the Environment wants to encourage this by the before mentioned decentralisation of responsibilities, the reduction of regulations and the dissemination of knowledge in this field. Governance among different stakeholders becomes increasingly important in this approach, including instruments such as public private partnerships (PPPs).

The challenge for these new policies will be to provide clear decision-making mechanisms on rural land use and to implement them. As was mentioned in Chapter 1, there are many urban pressures on rural land. There is high unfulfilled demand for rural living, there is increasing demand for recreation areas and the national government has set ambitious targets for developing nature areas. At the same time, most of the rural land is used for agriculture and most farmers want to continue to farm and will be able to do so even if the Common Agricultural Policy will be reformed. Urban and rural

citizens like their agricultural landscapes and would to some extent like to sustain these landscapes. The question is how these different demands for land use can be weighed against each other and then implemented.

Decentralised area-based policies increase the possibility of locally adapted solutions

The province can play a key role in land use policies. They can develop a vision of an area that goes beyond the administrative (municipal borders) and that can combine several functions, thus adding value and compensation were needed. Land use conversion usually plays an important role in these visions. An illustration of a large scale project where the province was initiator is the Blue City in the province of Groningen (see Box 2.6).

Other actors such as local government can also take the lead in articulating visions on land use. When the provincial level is far removed from the functional area in which people live, work, shop and recreate, the initiative to formulate area-specific visions is sometimes taken up by local governments. Since the local government boundary forms a smaller area than the functional area, the challenge will be in how to involve several local governments and other local stakeholders in order to ensure local support. An example of such a process is the area-vision expressed in the area of Midden-Delfland (see Box 2.7).

Box 2.6. **Blue City**

In order to solve persistent social and economic problems in the Oldamt region in the province of Groningen, a plan was developed more than 15 years ago to create a Blue City. The plan entailed in essence the realisation of a substantial amount of houses on large plots in an environment with much water, so that inhabitants of the municipalities concerned would not leave and so that new, wealthy inhabitants would be attracted. A lake was created for recreation purposes by flooding farmland that in the past was conquered from the water. Several plots were available where future inhabitants were, rather unusually in the Dutch context, free to build a house according to their wishes. In addition to housing and the water a nature area was developed. A substantial part of the Blue City is currently inhabited.

A key role was played by the province of Groningen that has provided advance financing of the project. Private parties involved were obliged to pay the project costs back to the province within nine years by acquiring land and selling houses. The municipalities have contributed a limited share of the finances. Although the project has been criticised for the lack of originality of the housing (Toorn, 2007) and the disappearance of a cultural landscape (Westerman, 2005), there has in general been much appreciation for the project. The essential success factors that have been identified are the existence of a problem, an initiator, a strong concept and good communication both with national government and local stakeholders (Commissie Gebiedsontwikkeling, 2005).

Box 2.7. **Area-specific policies in Midden-Delfland**

An interesting example of the development of a long term vision for an area with involvement of many stakeholders is formed by the area Midden-Delfland. This is one of the few open, cultural landscapes in the southern, very urbanised part of the Randstad. The area contains around 6 500 peat area, half of which for nature and recreation purposes. As the area is directly surrounded by cities adding up to 1.5 million inhabitants in total, there are many urban pressures on the area.

In September 2005, during a conference lasting three days, a strategic vision for the area has been formulated in a process in which 125 representatives of all relevant organisations were involved. These were national government, the province of Zuid-Holland, seven municipalities, entrepreneurs, farmers, nature conservation organisations, the water management board and citizens. This area vision consists of a view on what the area should look like in 2025 and an action program for things to be realised in the period 2005-2008. All the stakeholders in the process have listed their actions for these years in order to get closer to the vision for 2025. The area as it is envisaged for 2025 has the protection of the unique landscape as its core, but the vision wants to broaden the support for it and strengthen its features: in 2025 it should be connected with other nature areas, have more connections with the surrounding cities, have a more coherent outlook and be better marketed as a unique area. The short-term actions to be realised in 2008 include the development of a landscape development plan, the strengthening of urban-rural links, the development of a marketing plan and the development of instruments such as a regional fund.

Several factors contributed to the success of this process. First of all, there was a sense of urgency: the reconstruction law that formed a protection against urbanisation was to expire in 2008. The second factor was the bringing together all the relevant stakeholders. As many actors in the area were interlinked, it was impossible to agree on required changes, unless they stemmed from a collective vision that was shared and collectively owned. The third factor was the role of the municipality Midden-Delfland that saw the need to initiate such a project (Gemeente Midden-Delfland, 2005).

Area-specific plans, made with support of all local stakeholders, might provide the alternatives for traditional iterative planning processes that are needed according some observers to cope with decreasing effectiveness of policy instruments (Van Dijk, 2006). At the same time, these processes might not always work when it comes to financing the plans. Also, in many cases agreement is difficult to reach as interests diverge too much. Power struggles are key elements of rural planning and development practices, as shown for example in case studies of area-based policies in Southeast Friesland.

This power play cannot be reconciled with the rationality that attributes an inherent consensus building capacity to area-based policies. A particular set-up of institutional arrangements does not guarantee a consensus (Boonstra and Frouws, 2005). There are cases in which claims on land use can simply not be reconciled. This is for example the case in the peat areas in the Netherlands, such as the Green Heart, where demands for land use take the form of conflicts on the water level. In order to farm on the land, it is necessary that water boards lower the water level by continuously pumping out water out of the land. This lowering of the water level results in oxidisation of the peat grounds, which results in their gradual disappearance, which can hardly be undone.

More price signals could also help…

Prices provide, in general, signals about demand for goods and services. Land prices could reveal demand for certain spatial functions. Several OECD countries designate spatial functions (such as housing, brown field development, agriculture and other functions) to specific areas via land zoning regulations. It is possible that land is scarcer for certain spatial functions than for others. In that case, there will be a difference between prices for different sorts of land. Zoning regulations can contribute to this land scarcity for certain functions. In many cases this is done on purpose, as different sorts of land use, such as agricultural land, can also provide non-commodities and public goods. As these commodities would not be created or sustained in a complete market situation, some form of government intervention is thus in many cases considered necessary.

It is possible to value non-commodities, such as nature and landscape, and several methodologies for this have been developed over the years. Although they are not without complications and require a certain expertise in using and implementing them, they have been used in several OECD countries to inform decision making. Essentially, these methods try to discover preferences of people and transform them into monetised units, so that benefits can be weighed against costs (see Box 2.8). These methodologies could in principle be used to determine whether land conversion would have positive effects.

… to make sure that the value of non-commodities outweighs social welfare costs

In the Netherlands, there are large differences in prices between agricultural land and land for housing. These differences are especially large near cities, where the demands for alternative land use are particularly urgent. This price differential is an indication of the relative scarcity of land for housing. Another way to put it is that agriculture in the Netherlands is in itself apparently not profitable enough to be able to generate the same social welfare as building in the same area would provide. The question is then

Box 2.8. **Cost-benefit analysis for environmental goods**

In cost benefit analyses benefits are defined as increases in human wellbeing and costs as reductions in human wellbeing. For a project or policy to qualify on cost-benefit grounds, its social benefits must exceed its social costs. Within this analysis there are several ways to value environmental assets. This valuation takes into account the preferences of people, either revealed or stated preferences.

Revealed preference valuation makes use of market information and behaviour to infer the economic value of an associated non-market impact. There are several of applications of this method. One of them is the travel cost method that is mentioned here to explain the principle of revealed preference valuation. Travel cost methods utilise the facts that market and intangible goods can be complements, to the extent that purchase of market goods and services is required to access an intangible good. Specifically, people have to spend time and money travelling to recreational sites, and these costs reveal something of the value of the recreational experience to those people incurring them. This is however complicated by the fact that travel in itself can have value, that the same costs might be incurred to access more than one site, and that some of the costs are themselves intangible (the opportunity costs of time). An example of revealed preference valuation in the Dutch context could be based on the membership of the private nature conservation foundation Natuurmonumenten. This foundation maintains an area of about 87 000 hectares and manages to get in EUR 15 million in membership fees. If this amount is considered to be the willingness to pay for this usage value, an amount of EUR 170 per hectare results (Stolwijk, 2004).

Stated preference valuation techniques use questionnaires which directly ask respondents for either their willingness to pay or their willingness to accept a certain situation. An example is the willingness to pay for protecting stonewalls and mountain land in Ireland; the median willingness to pay in these cases was found to be around EUR 85 per person per year (Campbell, 2007). Another variant of stated preference valuation is to offer people choices between "bundles" of attributes from which the analysts can infer a willingness to pay or accept. The growing interest in stated preference approaches has resulted in a substantial evolution of techniques over the past 10 to 15 years. There remain concerns about the validity and reliability of the findings of contingent valuation studies. Many of the criticisms of the techniques can said to be imputable to problems at the survey design and implementation stage rather than to some intrinsic methodological flaw. Taken as a whole, the empirical findings largely support the validity and reliability of contingent valuation estimates.

One of the complexities of cost-benefit analyses has to do with benefits transfer. Benefits transfer involves taking economic values from one context and applying them to another. Transfer studies are relevant to practical policy analysis, as policy analysts will only rarely have the opportunity to design and implement original studies. Analysts will thus in most cases have to fall back on the information from past studies. In doing that they will have to make sure that the studies included in their analysis are themselves sound; and that the study sites must be similar in terms of population and population characteristics (OECD, 2006b).

whether the non-market commodities such as agricultural landscapes are so valuable that they make up for the difference between the agricultural land prices and the other land prices. The same question is even more imminent for the land that is planned to be used for nature, as their price is generally lower than that for agriculture.

Cost-benefit-analysis that concern landscapes or nature is rare in the Netherlands. For many infrastructural projects cost-benefit-analysis has become a widely used tool to inform government decision making in the Netherlands. An essential role in the application of these analyses has been the Central Planning Bureau (CPB) that carries out these studies on request of the national government. The Ministry of Agriculture, Nature and Food Quality recently published a cost-benefit-analysis on investments in landscape, but these initiatives so far have been rare. This lack of estimations of non-market commodities does not contribute to using price information in land use planning in the Netherlands. Price signals are thus hardly used in the Dutch land use planning system.

Implementation of rural land use visions requires a well functioning land markets and governance frameworks. There are however several challenges within these fields. Key problems on the land market are high land prices, and the windfall profits from land conversion. High land prices make rural transformations more difficult and both agriculture and nature acquisition more expensive. The windfall profits from land conversion often end up in private hands, but could in principle be used to finance rural development.

Box 2.9. **The benefits of nature investment in the Netherlands**

A societal cost-benefit-analysis of landscape investments in the Netherlands was published in 2007 by the Ministry of Agriculture, Nature and Food Quality (2007). They found positive benefits of EUR 17.8 billion, the net sum of EUR 8.8 billion investments needed and EUR 26.7 billion in estimated revenues for society. The main costs included in the analysis were for green margins, such as hedges, and biking and walking paths. The main revenues were estimated to be expressed in higher housing prices (EUR 17 billion) and benefits linked to recreation (EUR 5.3 billion). Many of the assumptions underlying the calculation have been found to be very weak. One of the key assumptions is that all houses outside cities (35% of the total housing stock) will increase 4% in value due to the proposed investments. This assumption is based on studies that looked into the prices of houses in already existing green areas. It is unlikely that upgrading of landscapes has the same effect, especially since there will be decreasing marginal returns to investment. The process of benefits transfer that was described in Box 2.8 was thus problematic in this study. One of the factors that has not been taken into account in the calculation is the negative effect the investments might have on agricultural productivity (CPB, 2007).

Prices for agricultural land are high…

Prices of agricultural land have increased over the last decade, especially near cities. The average price of agricultural land doubled between 1995 and 2001, but has stabilised over the last years. In the rural areas near cities the distance to red areas is determined by the price of agricultural land which explains the 76% of the variance in agricultural land prices near cities. The closer to the red area, the higher is the price of the agricultural land. Even if the land in these areas is bought for agricultural purposes, speculation remains the important determinant for the price of these agricultural lands. The land prices in rural areas further away from cities are determined by more factors. Local market conditions are mainly explaining land prices there. Characteristics of buyers and sellers also play a role in these areas (Cotteleer, *et al*., 2007).

Urban extensions have a huge impact on the market for agricultural land. Especially in the four provinces in the Randstad (North and South Holland, Utrecht and Flevoland), a large part of the land mobility is determined by land acquisition for urban expansion: between a fifth and a third of the surface of land being bought. The price of the agricultural land designated for building is eight times higher than agricultural land elsewhere in the province not designated as a building site (Segeren, 2007). Even though the total surface of agricultural land acquired for red functions is small, their sales have contributed to the large price increases of agricultural land. This price increase spreads over the whole of the Netherlands via farmers that re-invest the revenues of their land sales in the less urbanised parts of the Netherlands.

Prices for agricultural land anticipate land conversion, leading to so-called option values of land. Option values tend to exist when future land development is considered highly probably. It could be considered the opportunity cost of selling the land now rather than waiting until the new zoning becomes known. Option values are capitalised into the value of agricultural land. Future development rents are a substantial share of agricultural land values in areas surrounding urban centres. In a study on farmland in the US it was observed that in counties near urban centres, future development rents account often for more than half of agricultural land values (Plantinga, *et al*., 2002). Option values in some rural areas near cities in the Netherlands are estimated to be 100 to 150% of the agricultural land value (Pols, *et al*. 1999, Van Rij, 2006).

A high option value may be a problem for several reasons. The higher land price that is a result of it could slow down land mobility, and thus land consolidation and productivity gains in agriculture. Due to the fiscal regulation allowing farmers to re-invest the revenues of land sales without being taxed, option values raise land prices in other areas in the Netherlands, as many farmers from urban areas choose to re-invest in the other areas in the Netherlands. High land prices, because of option values, could also slow down

the acquisition of land to be transformed into nature areas within the framework of the ecological main structure. Since the provinces are now responsible for this policy, possible land conversions, their effect on land prices and their option values are relevant constraints to be considered.

Part of the market for agricultural land has in practice become a market for building rights. The agricultural value no longer plays an important role in explaining prices of agricultural land, not even in the remote rural areas (Cotteleer, *et al.*, 2007). Farmers take into account the value of their land as potential building land. There is a shift in the way farmers are advised by land brokers; land is increasingly being valued according to its revenues from future use, rather than based on its current replacement value (Segeren, 2007).

… and gains from land conversion can be large

Every year, a considerable amount of land conversions take place. During the last decade, between 80 000 and 100 000 hectares were sold every year. Although it is not completely clear how much of this land changes use, estimations suggest a share between 18% and 32% (Luijt, 2002, Cotteleer, *et al.*, 2007). Especially in the provinces in the Randstad a large share of the land sales are taking place for the purpose of urban expansion. Land value increases due to land planning decisions have been estimated to be around EUR 20 000 per house. Assuming that 70 000 new houses are built every year in the Netherlands the residual value increase amounts then to around EUR 1.4 billion per year (Marlet, 1999).

Land owners benefit from this conversion; these are farmers, project developers and local authorities. The original owners of land (farmers) and other actors that managed to acquire the land at an early stage are able to get an increasingly bigger share of the residual value increase of the land. Local authorities lost their monopoly on the acquisition and preparation of land for housing development 10 to 15 years ago (Segeren, 2007). Part of the profit margins also ends up with investors in land and financial institutions, who bought 6% of the agricultural land that became available (Luijt, 2002).

There are indications that farmers wait to sell land until they are able to get the windfall gain. Farmers who do not have a successor use land sales as additional pension, but are generally not hurried as the sale of equipment and production rights (such as milk quota) will provide them with sufficient income in the beginning. Thus, land can for a while be "passively" for sale; it is only sold when it meets the demands of the farmer (Segeren, 2007). It was shown that much more land should have been sold on the basis of liquidation of farms than has occurred. Apparently, many farmers stop gradually instead of immediately. Selling land is not a direct, but an indirect consequence of farm liquidation. Other factors, such as the development of land prices, seem to determine the exact timing of the sale of land (Luijt, 2007).

There are concerns about the fairness and increased private capture of these windfall gains. The fairness concern has to do with the relatively coincidental nature of the land conversion decision. If the land of a particular farm is destined to remain agricultural land (or become nature area) its value is lower than that of its counterpart who draws the "red" ticket. Related to that is the different position of municipalities that have in many cases been land owners: those that are allowed to build can generate additional revenues from land conversion, whereas those that are not allowed to build (because they are in a protected area for example) will not have this source of income. As the windfall is increasingly going to private actors, there is a concern that the revenues local authorities use, or could use, for facilities in rural areas is declining.

Municipal gains from land conversion are decreasing…

In the past, municipalities were able acquire a large part of the windfall by pursuing an active land policy. For example, many local authorities have a land development corporation that buys up agricultural land, prepares it for building activities and either sells it to builders, builds on it, or a combination of the two. In this way local authorities are able to benefit from the increased value of the land due to land conversion. This residual value is in practice used to finance other local goods and services, such as green facilities and social housing. Land exploitation still forms a substantial revenue source for municipalities. In 2005 up to 22% of the total municipal own revenues came from land exploitation (Jonkers and Michel, 2007).

The position of municipalities on the land market has however become less dominant, despite the instruments they have to acquire land. Private actors, such as housing developers, have since the 1990s become increasingly effective in anticipating zoning changes and land conversion. This loss of influence took place despite the two instruments that local authorities have to acquire a better position on the land market: the expropriation act and the preferential rights of municipalities-act. Municipalities can use the expropriation act to acquire land; this takes place when the owner does not agree to sell the land or does not agree to the price that the municipality is offering. When the land is expropriated, the price that the municipality needs to pay is the economic value of the land in its future use. The municipality cannot expropriate when the land owner wants to develop the land himself and when he has the means to do so. The preferential rights of municipalities-act makes it possible for municipalities to impose preferential rights on certain areas. The land owner who wants to sell land in that area is obliged to offer the land first to the municipality. The price is based on the expropriation price, so usually quite high. In practice the act has not worked, as many private actors that can develop themselves usually bought the land before the municipality imposed her preferential right.

Active land policy by municipalities continues to exist and this distorts land markets and results in a lack of transparency. Municipalities that are active on land markets usually can play a double role: they buy land, but are also able to determine where future building areas will be and thus have an advantage. This raises concerns about good governance; the municipality as an actor on the market will not want to be transparent, whereas the municipality as government tier has to be accountable to its citizens. Its double role frustrates democratic control. Since gains from land exploitation form a relatively large share of municipal budgets – and alternative local resources are limited –municipalities do not have incentives to withdraw.

… and other schemes to finance green spaces prove to be inadequate

Municipalities can skim off windfall gains from land conversion through land exploitation agreements and the municipal gain tax. Landowners within a building location can negotiate a land exploitation agreement with the municipality. This agreement sets out which facilities are being developed by the municipality and the contribution that the land owners will pay to the municipality in exchanges for the public services. When owners and municipality fail to agree, the municipality can impose a gains tax on these owners by means of contribution to the municipal services that are rendered. In practice, this gains tax is mostly used as an instrument of last resort to be able to force freeriders to contribute. Land exploitation agreements and the gains tax can only recover costs of public services that are realised within or very close to the building location. In addition to that, there are instruments that make cost recovery at the regional level possible. These are the so-called red for green-schemes; these are agreements in which land developers agree to contribute to the creation of green facilities, such as recreational or nature areas that are not in the immediate surroundings of the building location. Through these schemes, developers compensate for the losses (for example in open space) that results from their activities.

However, the current instruments to skim off windfall are inadequate and the costs that can be recovered with these instruments are limited. There is a legal obligation for local governments to compensate value losses due to planning decisions; an equivalent legal basis for skimming off gains due to local planning decisions does not exist. Negotiations with private actors have become increasingly complex, leading to high coordination costs: there is one municipal civil servant engaged in coordinating land development for every 500 inhabitants (Buitelaar, 2007). These development processes can take 10 years or longer and costs and revenues can change during this period. The gains tax is hardly used because it is complex to impose.

There are several drawbacks to the red-for-green schemes. First, there is no legal basis for these kinds of schemes which makes them vulnerable to

judicial appeal (Bruil, 2006). Second, as the level of compensation is determined by negotiation, considerable heterogeneity exists when it comes to the premium that future house owners (of the houses to be developed) have to pay. Differences in these amounts are hardly objective and are in most cases the result of negotiation and relative dominance of actors concerned. The same disadvantages have been found in similar instruments in the UK (see Box 2.10). Third, their focus is not on spatial quality but rather on the revenues they can raise; as such they could deteriorate natural landscapes rather than improve them (Needham, 2007). Not surprisingly, red-for-green schemes are – apart from a few cases – hardly used.

Box 2.10. **Planning gains: Section 106 in the United Kingdom**

Section 106 agreements can be used in the context of a planning permission to provide mitigation against the impact of development, such as additional infrastructure, or – increasingly – to require the inclusion of affordable housing requirements. Although case law and policy formally restricts their use to mitigation, compensation or prescription of development, they can in practice form an indirect incentive for local authorities to grant planning permission. Negotiated section 106 agreements can however lead to delays in the granting of planning permission, and such agreements are often not applied consistently by local authorities, and even lead to what has been described as excessively variable (Evans and Hartwich, 2006). This increases transaction costs for businesses and some local authorities in the UK have moved to standardise their Section 106 agreements. The UK government has therefore proposed to scale back its use, coinciding with the introduction of the Planning Gain Supplement.

The new Land exploitation act is a step forward in this respect…

In order to address these drawbacks a Land Exploitation Act was proposed and will be implemented in 2008. The intent of the Act is to solve the freeriders-problem. Freeriders are land owners and developers that benefit from the municipal development of services for the newly developed area without contributing financially. This "freeriding" is solved by listing all the costs that can be recovered by a municipality. This cost recovery is linked to the building permit; the sanction for those actors who do not contribute is the withdrawal of the building permit. The Act supposes that the current system of negotiation between actors on contributions will probably continue to exist and that the cost recovery based on the law will only be employed when there is no land exploitation agreement. The new Act also provides a legal basis for cost recovery at the regional level, for example to compensate somewhere else for the negative externalities or the nature values that were lost due to the land development. For this cost recovery, it will be important to prove the

relation between the compensation and the area where cost recovery takes place on the basis of three criteria: the area will need to benefit from it, the need for compensation is caused by the development and the contribution of different areas is proportional to their benefits.

… but challenges remain

The Land Exploitation Act more possibilities for municipalities to recover costs they make in relation to land development and in this, it is a step forward. However, several challenges remain in the case of cost recovery at the regional level. The Act mentions three criteria that will have to be used to determine the need for and the level of regional cost recovery. It is doubtful whether these criteria will make it possible to proof relations between different locations. There is some concern that it will remain difficult to develop green areas or recreational facilities outside the land development areas, as it will be difficult to estimate to what extent the inhabitants of the new area will be using these areas. Strict application of the benefit principle could come at the cost of contributions to regional green funds (Sluysmans, 2006). Moreover, the new Act does not completely solve the issue of freeriders with respect to regional cost recovery because freeriders cannot be forced to contribute. There is however an enforcement mechanism for city-regions (WGR-plus-regions). These regions could force unwilling municipalities to contribute to a regional land development corporation or to equalise between municipalities.

The choice for a mixed system means that many of the long bureaucratic procedures will continue to exist. This is evident in the Act by the support that the current system has among municipalities and project developers. In case costs will be recovered via the building permit, a list with costs that can be recovered will be used. This resembles the impact fees used in the US, except that those are even simpler to implement, as they consist of a percentage to be covered rather than a list of cost categories.

2.3.1. Governance frameworks

Demands for land could be weighed by more urban-rural interaction…

Methodologies to incorporate price signals in land use decision could improve a land use planning system, but it is not always sure that this information will be available or reliable. A strong case can be made for more regional land use policies, as they will be able to take account of local preferences in their decision making. As urban and rural areas are geographically very close, decisions on land use will be more balanced if both urban and rural demands will be taken into accounts. These demands and the articulation of these demands can be made transparent via mechanisms for urban-rural interaction, such as rurality taken into account in urban strategies, city-region governance and amalgamation of urban and rural municipalities.

… via urban strategies…

Most cities in the Netherlands have no policy for their outskirts, let alone for more distanced rural areas. Deventer is one of the exceptions to this situation, yet its bringing together of a variety of municipal cultures into a geographically more extensive planning zone has shown that such extensions of municipal spheres of influence are not straightforward. It takes time to achieve effective co-existence, for the bringing together of the culture of different sets of elected officials, each of whom is grounded in an organisational structure with its own history and unwritten assumptions, is an issue. There seems to be a continuing dissonance between urban and rural policy in the Netherlands, as seen by exploring reviews of urban policy that show little acknowledgement for the mutual impression that each environment makes on the other (*e.g.* Burg and Dieleman, 2004).

Urban strategies could facilitate urban-rural coordination. A recent example is formed by the food strategy in Amsterdam. This strategy, announced in June 2007, seems to have been inspired by the Food Strategy of London (see Box 2.11). The food strategy of Amsterdam aims at improving the availability and consumption of fresh and healthy food, promotion of regional agricultural products in Amsterdam, improve eating habits and improving the logistics of regional products. Amsterdam municipality, Zaanstad municipality, the province of Noord-Holland and the ministry of Agriculture, Nature and Food Quality have agreed to co-operate on this regional food strategy. It remains to be seen what will be the results of this strategy. Local food supply chains are not necessarily desirable from an environmental or economic perspective. Other regions might have more comparative advantages for agriculture and environmental costs could be higher locally, but a growing mutual awareness by cities and their rural surroundings might increase informed decisions on land use.

The interaction between urban and rural areas is not stimulated by the national urban policy. The Netherlands has had a national urban policy since more than a decade. This national policy uses a narrow definition of cities and thus ignores the relationships that cities have with their surroundings. Urban policy does not take into account that it is the city-region and not the city which is increasingly becoming the daily urban system. A lack of regional co-operation has been observed as most of the development plans have been prepared without prior interregional debate and discussion. The suggestion by several advisory institutions to focus the five-year development plans on city-regions has never been implemented. There is room for increased central stimulation of urban-rural policy interactions, as the Netherlands, with its close proximity of urban and rural areas, has both an urban and a rural policy that are quite similar in policy design (see Box 2.12).

Box 2.11. **London's Food Strategy**

The situation in London is similar to that of the larger cities in the Netherlands: there is limited agricultural land use around the city but this is not always the kind of agriculture that could yield large social benefits. In London it is mostly highly chemical-intensive and mainly arable and livestock production rather than vegetable and fruit growing. Much of the agricultural food sector is under strain by urban pressures, leading to high land prices and a situation in which agriculture is not the most lucrative form of land use (Petts, 2001). These and other circumstances, such as growing obesity, unawareness about food production and environmental issues, contributed to the creation of a Food Strategy in 2006 by the Mayor of London. This Food Strategy has five broad objectives: health improvement, reduction of negative environmental impacts, support for a vibrant food economy, promotion of London's food culture and the development of food security. These objectives should lead to a world-class sustainable food system for London to be reached in 2016. Along the lines of these strategic objectives a series of actions were listed relating to the stages of the food chain.

Several of these actions are aimed at developing regional links. One of the goals is for example to increase the share of local food in London by brokerage service to improve intra- and interregional links between farmers and consumers. With this connection not only environmental benefits from reduced transports are envisaged, but also regional economic benefits to the local farming community and improved access to fresh products for the population of London. In order to achieve this, the Food Strategy asks for innovation by regional producers to meet the diverse demand of London consumers, for example for organic food, ethnic foods and by producing in a way that promotes biodiversity.

Producer collaboration will be encouraged and the development of a secondary food distribution system is considered that will enable smaller farmers to share resources and distribution mechanisms for mutual benefit and access to the London market. The promotion of local food is to be achieved by measures such as awareness campaigns of the seasonal, local and quality aspects of food, promote food events and strengthen the food element at several annual London events. The environmental aspects of the Food Strategy also include the protection of habitats and the Green Belt.

The implementation of the London Food Strategy is envisaged by building partnerships with relevant stakeholders in the private sector, government, regional agencies, voluntary and community organisations and other local actors. Implementation is also depending on the freeing up of joint resources with these actors (London Development Agency, 2006).

Box 2.12. **National urban policies in the Netherlands**

Since 1994 the central government has developed an integrated policy framework for large cities, co-ordinated by the Ministry of the Interior. Initially, policy development was only focused on the four largest cities, but it was quickly extended to 25 cities. From 1999 onwards, urban regeneration policies have been extended to 31 cities. Each city makes an agreement with the national government in which it undertakes to achieve certain urban policy goals over a period of five years in return for central government funding. The agreements take three so-called pillars into account relating to social, economic and infrastructure developments. The periods covered are 1994 to 1998, 1999 to 2004 and 2005 to 2009. The national urban policy framework bundles the existing national budgets for cities into three block grants; one for each pillar. As can be noticed the national urban policy and the national rural policy have many similarities when it comes to design features, such as contracts with a relative long time span and an unbundled amount of money to spend.

Urban policy is hardly linked to rural policy not simply in city-region terms, but also across regions. This is seen in the impact that migration from the more densely settled regions of the nation have on other areas, for differentials in property prices are challenging and in some cases directing the adaptation of intermediate rural areas to their economic potential. With no rural proofing in the Netherlands, and limited linkage between urban and rural policy, one could wonder whether the national government has the conceptual armoury required to produce the kind of integrated development vision that the European Spatial Development Policy favours.

… city-region governance…

One common problem with implementing effective spatial planning in many parts of the European Union is the small size of administrative units, which tends to be associated with competition between authorities, rather than co-ordinated efforts to regulate socio-economic change (Bertrand and Kreibich, 2006). Although municipalities in the Netherlands are not particularly small, the argument can be mounted that metropolitan regions are too small to be effective planning units, with commuter zones and hence urban-rural linkage effects and spill over impacts stretching well beyond current administrative boundaries. It is commonly held that larger planning units allow for a wider range of locations and a better combination of rural and urban development.

Box 2.13. **Municipal competition in Germany**

Municipalities in Germany are equipped with near absolute planning authority enabling them to work against regional planning objectives especially in the dynamically growing peri-urban fringe. Municipalities compete with each other for inhabitants, employees and companies. In this respect developing new building land plays an important role. Most peri-urban municipalities use their zoning privilege to develop new land. The gains from developing building land are invested into infrastructure development and local service provision. It has been observed that the weighing up of municipal decisions like these undermine sustainable planning principles. There is a weak implementation of regional plans. With a high municipal autonomy in land use planning and a high demand for building land, as is the case in the peri-urban fringe of many German agglomerations, there are few incentives for inter-municipal co-operation.

There is a governance arrangement that tries to fill this gap: the *city-region*. This is a formalised structure of municipal co-operation and has been in place since 1995. The city-regions are based on a so-called Joint Arrangements Act plus (WGR plus-regions). There are 8 of these WGR plus-regions in the Netherlands. These city-regions consist of a large city with the surrounding municipalities that form part of the same daily urban system. City-regions have several areas of responsibility within the field of transport, housing, the environment and the regional economy, but are particularly important actors when it comes to traffic and transport. The budgets of city-regions are considerable, although not comparable to the size of the budgets of large cities or of provincial budgets. The number of staff is modest and city-regions often have staff on loan from the participating municipalities. The effectiveness of city-regions remains largely dependent on municipal co-operation. Horizontal co-operation works well as long as the interests of the participating municipalities are the same, for example, when external funds can be raised for a joint project. On some of the issues their interests will not necessarily coincide, such as where to house asylum seekers or build housing for lower income groups. Although the Joint Arrangement Act plus provides provinces with the legal mechanism (the issuing of recommendations) to enforce co-operation, these are rarely used.

There are no WGR-plus-regions in intermediate provinces, nor are there many rural municipalities included in the current city-regions. Only in the predominantly urban provinces have WGR-plus-regions been formed. This suggests that an effective governance framework from city-region issues in the intermediate provinces is lacking. At the same time, the city-regions in the urban provinces are heavily urbanised and do not include many rural municipalities.

As can be seen in Table 2.2, half of the city-regions consist only of urban municipalities. In the city-regions where rural municipalities are included, their population share consists only of a few percentages. The situation is slightly different when a definition of 500 inhabitants (rather than 150) per square kilometre would be used. It would be a relatively marginal difference for the city-regions in the Randstad (Amsterdam, Rotterdam, The Hague and Utrecht), but the other four city-regions then turn out to have considerable "rural" population shares. Although the city-region could in principle be a vehicle for co-operation between cities and their rural fringes, it is in practice hardly used as such. Only the city-region of Eindhoven has explicitly mentioned rural development as policy priority: it also grants subsidies to develop a broader rural economy. This is directly caused by the limited focus of the province of Noord-Brabant on rural economic development in the area (ETIN, 2007).

Table 2.2. **Rural municipalities and city-regions**

City-region	Total municipalities involved	*Of which:* rural municipalities	Population share (%)	*Of which:* municipalities with low population density	Population share (%)
Utrecht	9	0	*0.0*	1	*0.2*
The Hague	9	0	*0.0*	1	*1.9*
Rotterdam	16	0	*0.0*	2	*3.2*
Heerlen-Kerkrade	7	0	0.0	2	*8.7*
Amsterdam	16	1	*0.6*	5	*4.3*
Arnhem-Nijmegen	20	1	*0.2*	7	*19.9*
Eindhoven	21	1	*2.1*	12	*32.8*
Twente	14	2	*7.5*	9	*41.8*

Source: www.minbzk.nl and www.cbs.nl.

... via urban-rural municipal amalgamation...

There has been a clear reduction of municipalities over the last decade, especially of rural municipalities. Non-urban municipalities have been reduced from 313 to 156 over 1993-2004. This reduction has not been caused by urbanisation, but by municipal amalgamation. The total number of municipalities has been reduced from 646 to 483 over 1993-2004; this reduction mainly took place in non-urban and very slightly urban areas (Steenbekkers, *et al.*, 2006). There have been few mergers between cities and rural areas. These kinds of mergers could have mixed effects on land use in rural areas. On the one hand it could have stimulated internalisation of urban-rural issues, which might have led to a better understanding of local preferences for which common solutions could have been found. On the other hand, can the result of these amalgamations could be that the interests of rural citizens become ignored. Rural municipalities also co-operate with each other to provide services for their citizens.

… and simplifying regulation

Government regulation can hinder the implementation of area-development programs. Although the Dutch government has over the recent years conducted a process of simplification of rules and regulations for business, many regulatory obstacles remain when it comes to area development. An example of this is the situation concerning building on water. As water areas are usually not part of land use plans, there are several different ways in which local authorities regulate this area. There are indications that this administrative complexity and lack of uniformity hinders the development of more of these projects.

Despite decentralisation, the national government remains involved in land use planning…

For many spatial functions, land use planning authority remained at the national level. Examples of this are the national designation of protected national landscapes, plans for water retention areas, restructuring of intensive livestock and the clustering of certain agricultural sectors in so-called *greenports* and agricultural development areas. As these items have county-wide externalities, there are good arguments for keeping these responsibilities at a national level. The national government thus remains an important actor in land use planning that requires country-wide coordination.

… and might need to be stronger involved in exporting spatial demands…

A national strategy that has not been used so far is the export of spatial needs. In addition to spatial strategies for land use in densely populated areas, such as priority setting and multi-functional land use, there is the possibility of exporting spatial needs. This entails finding space for land use demands in countries other than the Netherlands. It has been suggested that exporting spatial needs is crucial for a country like the Netherlands (Priemus, 2005). Although the Fifth Memorandum on Spatial Planning of 2001 has mentioned the possibility, in practice it has not been implemented as a policy. There are however at least three potential applications: exporting land use demands for large-scale agriculture, foreign companies and recreation homes.

Spatial needs for large agriculture are to some extent exported, but this is not the result of policy. As was mentioned in Chapter 1, there are many farmers that emigrate so that they can expand the size of their farms. This is understandable, as the great majority of countries in the world is less densely populated than the Netherlands, and has more space for agricultural activities. Although most emigrated farmers stay in contact with the Netherlands, it is unclear whether their expertise spills over to the Dutch rural areas; it is more likely that they stay in contact to make use of knowledge generated in Dutch rural areas. Exporting spatial needs for agriculture could

mean a loss of innovative entrepreneurial activity. At the same time, it has been argued that large scale agriculture has negative externalities on nature values, biodiversity and small scale landscapes. As such, it puts extra pressure on scarce land. A size-neutral agricultural policy might have the effect that more farmers with large scale agricultural ambitions want to expand outside the Netherlands.

Government policy is directed at attracting foreign businesses, but the positive spill overs to regional economies remain unclear. The Netherlands has been very successful in attracting many foreign companies to the Netherlands, also thanks to favourable government policies. Most of these companies have been attracted to cities, thus increasing the urban pressures on rural areas for the realisation of other spatial demands. A non-negligible share of foreign companies has however also located in rural areas. Foreign companies do not necessarily contribute to a regional or national economy; they might crowd out other economic activities and might contribute less to a local economy than a local firm would have done. Not many indications have been found of knowledge spill overs of foreign companies in the Netherlands into the regional economy (OECD, 2007b). A new policy framework on attracting foreign investments has emphasised the importance of selecting pro-actively foreign companies in the economic sectors that will add value to the Dutch economy. Attention to the scarcity of land could likewise be considered a necessary pre-condition.

The restrictions for building recreation homes in rural areas are relatively mild. Consequently the possibilities for constructing recreation homes or second houses in rural areas and protected nature areas are larger than for constructing regular houses. In the protected Green Heart for example, a set of 220 recreation homes was built in 2002, with the same price but half the surface of an average new built normal house (Metz, 2002). The characteristic of a recreation house is that it cannot be inhabited permanently, but only a limited number of days per year. There is something paradoxical about allowing the construction of houses in rural areas that resemble regular houses, but not allowing permanent occupation, in a context of large unfulfilled demand for rural living. Considering the lack of green spaces and recreation areas, it has been suggested that improved recreational quality of the residential environment could reduce the need for second homes (Dijst, *et al*., 2004).

… provided that mechanisms for central-regional coordination are in place

Provinces have been given authority to provide coherent spatial planning for their locality, which should lead to more convincing policies around these of rural and urban integration. However, provinces themselves do not encompass the main daily urban systems that dominate so much of the Netherlands. For intermediate rural provinces, where these organising processes are less profound, the dangers of boundary shaping are no less

urgent. What might constitute a rationale plan for a province in isolation can constitute a missed opportunity if socio-economic attractions just across a provincial boundary are not effectively incorporated in to provincial plans in a manner that reflects the realities of contemporary lives and the potentialities of future spatial organisation? It is essential that the national government is engaged in fostering collaborations and broader geographical overview that enable coherent spatial planning across the Dutch territory, in contrast to being effective within each of the twelve provinces separately.

The co-existence of both national and regional land use planning, makes coherence in land use decisions more difficult and will pose challenges for central-regional coordination mechanisms. Intergovernmental co-operation is in its nature complex as many government tiers might be involved. This complexity is especially evident when areas fall under the responsibility of several regional governments, as is for example the case for the Green Heart in the Randstad (see Box 2.14). Although contracts can be used as a form to

Box 2.14. **Multi-level governance in the Randstad**

The Randstad is the urbanised western part of the Netherlands. It consists of the four largest cities in the Netherlands (Amsterdam, Rotterdam, The Hague, Utrecht) and several other smaller cities. The core of the Randstad is formed by the so-called Green Heart, a large area consisting of agricultural land, nature and water. The official planning orthodoxy has since 1957 been to avoid urbanisation of the Green Heart and this goal has to a large extent been successful. At the same time, the potential that the area could have for the Randstad is however not fully utilised, as was observed in the OECD Territorial Review of Randstad Holland (OECD, 2007b). The creation and implementation of a vision for the Green Heart is being complicated by the fact that it forms part of three provinces and could play a role for the four mentioned cities, as well as many other municipalities.

Following the mentioned OECD Review the Dutch national government has produced a Randstad urgency program, with actions to be taken in the short and longer run. The key themes in this Randstad agenda are accessibility, economic dynamism, quality of life and sustainability. Nature and landscapes are considered to be elements of quality life that could also have an impact on the international attractiveness for firms and people. Actions are proposed to increase the space available for recreation, to increase quality of landscapes and to improve access to the Green Heart.

The Randstad program of the national government stresses the joint responsibility for implementation of the actions. Instead of trying to change government structures, such as creating a Randstad province, it aims at finding governance partnerships that will be able to achieve results. A new way of creating political commitment for implementation is organised by proposing responsible duo's per project. These duos consist of one government minister or state secretary and one regional politician. These duos are made responsible for the progress on the particular project. There are 33 projects formulated.

coordinate co-operation between levels of government, they become difficult to manage when several government actors, such as national government, several provinces, municipalities and water boards need to co-operate simultaneously.

2.4. Landscape and nature policies

A key development in rural areas in the last decades has been the increasing urban pressure. This urban pressure, in conjunction with developments in agriculture, has had an impact on rural landscapes and biodiversity. Rural landscapes have changed character and can in some cases no longer be distinguished from urban landscapes. Biodiversity in the Netherlands has decreased during several decades and has shown no signs of substantial improvement. These developments are most likely going to continue, as urban pressures and size increases in agriculture will remain important future determinants. This provides a challenge for rural areas in the Netherlands. Although landscapes and biodiversity are not synonymous, they share important characteristics. Both are non-commodities that cannot be provided by the market. They have positive externalities and are public goods, so it is clear that governments have a responsibility in providing them. Moreover, there are overlaps between landscapes and biodiversity: they can go together and enforce each other. There is also an overlap with agricultural land use: agriculture produces in many cases appreciated landscapes as a by-product and can have a huge impact on biodiversity.

Nature and landscape values have been promoted in designated areas…

The central government plays an important role in landscape and nature policies. Traditionally, the national government aimed at separating urban and rural areas, thus maintaining rural landscapes. Although land use policies have been decentralised with the latest National Spatial Strategy, the national government continues to determine where nature and landscapes should be maintained and created. The National Spatial Strategy introduced the concept of national landscapes; twenty of which were designated. Many of those already had some special status, for example because they had valuable cultural historic value. Building activities in these national landscapes are allowed, provided that these developments are in correspondence with the basic quality criteria defined as a characteristic for the area. When it comes to biodiversity, the national government has tried since the 1990s to create one connected nature area, the national ecological network, to improve biodiversity. Building activities in these areas are not allowed, unless it is balanced by creating part of the national ecological network somewhere else. The European Bird and Habitat directives are integrated in to this national ecological network. Agri-environmental schemes exist since the 1970s to improve biodiversity and rural landscapes on agricultural land.

… but there are possibilities in many other areas…

Many opportunities exist to combine land use functions that can have beneficial effects for landscape and biodiversity. For example, the land used for recreation has increased over the last decades while a substantial demand for more recreational land use continues to exist. One rapidly increasing form of recreation is golf; in the Netherlands the amount of golf courses has doubled in the last 15 years (NMP, 2006). However, golf courses can lead to detrimental environmental effects due to pesticides and fertilisers, and the large amounts of water needed to keep them nice and green. So, while golf courses can provide a positive contribution to biodiversity (see Box 2.15), there is reason for caution.

Box 2.15. **Biodiversity on golf courses**

There is growing evidence that golf courses can have positive effects on biodiversity. Research conducted in the UK for example found that golf courses can enhance the local biodiversity by providing a greater variety of habitats than intensively managed agricultural areas. Higher species richness and higher abundance of birds, insects and trees were found (Tanner and Gange, 2005). Studies in the Netherlands found that golf courses can in principle serve as areas that connect nature areas, areas where organisms can find food and areas where organisms can live. The first function can be realised on an average 18-hole golf course of 50 to 60 hectares. When it should serve as area for food, 10 hectares of nature should on average be added. Around 20 hectares need to be added to the golf course in order to make it suitable as living area for animals (Apeldoorn and Boer, 2006). In addition it has been found that golf courses can become valuable living areas for badgers (Arcadis, 2005).

Several actors currently try to achieve biodiversity goals on golf courses. Several provincial environmental organisations have made agreements with golf clubs in their region. The Dutch Golf Federation has started a project in which golf courses can obtain an ecological label. In order to obtain this label, several steps have to be taken including an *ex ante* analysis, setting targets and evaluation when it comes to managing nature and the environment on golf courses. Guidelines are provided for making and implementing a plan for nature conservation on the golf course. There are currently nine golf courses with an eco-label.

… in which regional initiatives are crucial…

Regional and local authorities will be in the position to explore the possibilities to combine land use functions. For this reason, the national government has given more responsibilities to provinces when it comes to

area development. At the same time, the national government leaves little room to provinces when it comes to biodiversity. The new rural budget (ILG) policy gives a central role in improving biodiversity to the ecological main structure. Performance indicators for provinces when it comes to biodiversity targets are not formed by the increase in the number of species that policy wants to achieve, but the hectares of ecological main structure added. This could be considered as a form of indirect targeting; the link between policy and biodiversity is not clear, and it is assumed that measurement would be too costly. Therefore indirect indicators are provided that hopefully have a bearing on the original targets. Although this is to some extent understandable, the risk of this approach is that the instrument tends become the main goal. A similar bias was found with respect to spatial quality. Although the *Agenda for a living countryside* and the *Spatial Strategy Document* mention specific instruments to improve the quality of the national ecological networks and natural landscapes, they do not do so for the other areas in the Netherlands (RLG, 2005a). Provincial authorities are in this way not stimulated to find creative ways to improve biodiversity or spatial quality outside the designated areas.

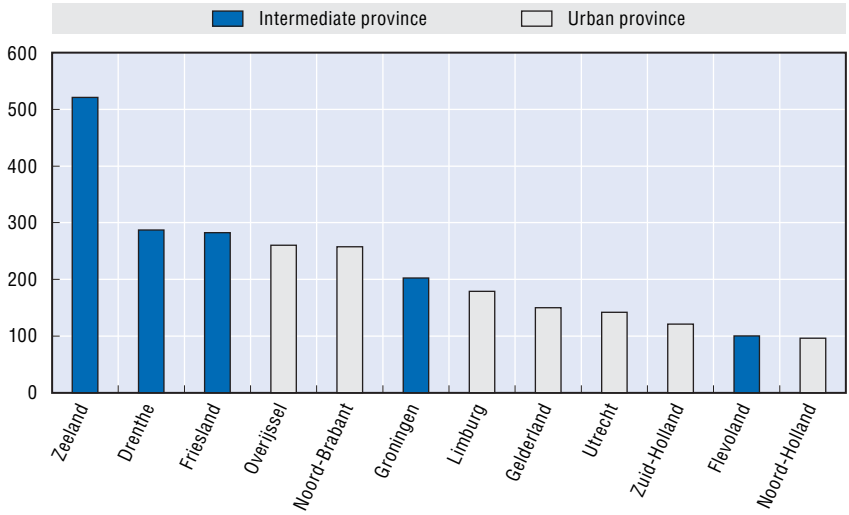
Urban provinces have important challenges to fulfil when it comes to realising national ecological networks. An indication of this is formed by the large share they receive from the rural budget, of which more than 65% is dedicated to realisation of the national ecological network. The seven predominantly urban provinces get around 77% of the national contribution for rural policy, leaving the five intermediate provinces with 23% of the fund. With the exception of Flevoland (and Groningen to a lesser extent), intermediate provinces do however get more of the rural investment fund per capita (see Figure 2.2). The province that receives relatively the most is Zeeland with EUR 521, – per capita.

Whether these nature goals in urban provinces will be reached remains an open question. High land prices near urban areas will make land acquisition costly. The urban population generally appreciates other landscapes than those created in the framework of national ecological networks. In this context, one could wonder whether the realisation of national ecological networks near urban areas will be feasible and be able to get sustainable support by the local population. This underlines the importance of flexibility of provincial governments to find regional solutions that take into account both local preferences and national biodiversity targets.

… to update planning concepts…

Regional and local governments are also in the position to update planning concepts. Traditionally planning concepts, such as the "Green Heart" as green centre of a circle of large cities in the western part of the Netherlands, have worked well to keep large open spaces in a densely populated urban area.

Figure 2.2. **Investment budget for rural areas 2007-2013: amount per capita received by intermediate and predominantly urban provinces (in euros)**



Note: Calculations based on Ministry of Agriculture, Nature and Food Quality 2006.

A planning concept on a more local level is the "finger plan" made for Amsterdam to make sure that there would always be large green areas between the urban extensions. Despite their success, these planning concepts are not without difficulties. Unlike in Copenhagen, a city also with a finger plan, the green spaces between the fingers in Amsterdam are hardly used for recreational purposes and are sometimes even inaccessible (Vuijsje, 2003). The Green Heart does not play a role as the "Central Park of the Randstad"; instead the Green Heart has become gradually urbanised.

Recreation possibilities have an ambiguous effect on the satisfaction with landscapes. The most important factor that determines the appreciation of a landscape is the recreational use that can be made of it (walking and by bicycle). When demand is far larger than the supply of recreational possibilities, there is a high recreative pressure; this is valued negatively. Increasing the supply of recreational nature areas does however also attract new demand, making the area as a consequence less attractive for those who were already recreating in it. As such recreation in green areas can be considered a positional good: its consumption depends also on the consumption of others. It is questionable whether local population will continue to support planning concepts like the Green Heart when it does not see the benefits of those concepts. The current Green Heart programme, as carried out by the three provinces concerned, attempts to increase the recreational value for its citizen, and is as such a step forward.

… to make sure agriculture is environmentally friendly

An important part in the government's rural agenda is played by a strong agricultural sector. It aims at strengthening the agricultural sector so that it can continue to compete on world markets. For this purpose, policies at national and EU level have been implemented that, in conjunction with market developments, have resulted in increase in farm size. Although national agricultural policy claims no preference in size of farms, observers have pointed out that policies have long favoured size increases (Van der Ploeg, 1999). Currently there seem to be several incentives for increasing farm size in current policies, such as tax deduction for investments, favouring a farm style with rationalistic and "industrial" internal processes, and producing for world markets.

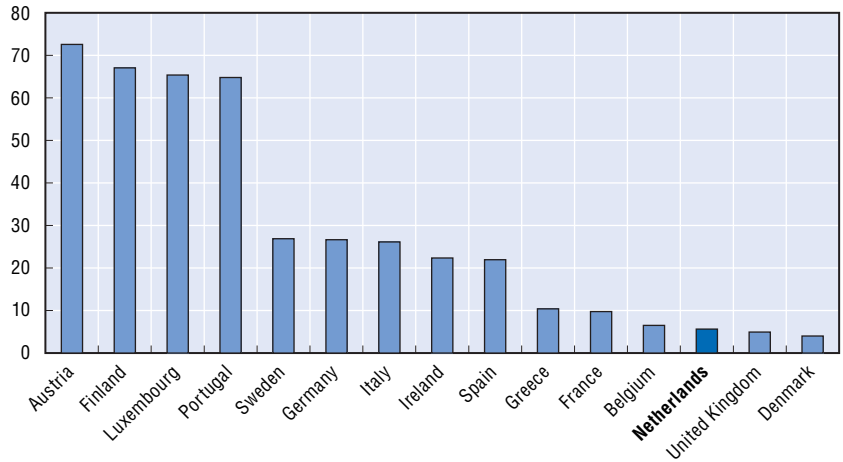
There are indications that large farms could in principle be as environmentally friendly as smaller farms, but they tend to homogenize regional landscapes. It is difficult to generalize about size of farms and their effects on the environment, also because there seem to be differences across agricultural sectors. In the horticulture sector, large farms are generally better able to invest in production factors that allow them to produce environmentally friendly. In the dairy sector, there seems to be a certain threshold of cows per farmer: above this threshold the longevity and care for the animals tend to decrease. Very large farms could in principle produce environmentally friendly, but under many restrictions (RLG, 2006). Large farms do however have a clear impact on rural landscapes. In the very large agricultural firms most of the internal processes are industrialised by huge capital inputs, which give fewer possibilities to farm in accordance with the regional landscape. Agricultural land use becomes rationalised, homogenised and large uniform stables impact on the visual quality of the rural landscape.

Voluntary modulation might help…

The Netherlands is rather remarkable in its focus on agriculture as a driver for rural development. Its Pillar 2-funds are very small compared to its Pillar 1-funds (see Figure 2.3) and the Netherlands has not used the possibility of additional voluntary modulation to transfer Pillar 1-funds to Pillar 2 in order to use it for broader rural development goals. Despite a large expenditure share of rural development budgets on nature goals, Dutch uptake of agri-environmental schemes is one of the lowest in the EU.

Although the low share of Pillar 2-funds has its explanations, biodiversity challenges in the Netherlands would suggest a higher share. Considering that rural areas in the Netherlands seem to have less severe rural (economic) development problems, as they can be found in many EU countries, and that agriculture in the Netherlands is a relatively large sector compared with other EU countries, it is not surprising that the share of Pillar 2-funds in the Netherlands is small compared to those of Pillar 1. On the other hand, biodiversity remains a

Figure 2.3. **Pillar 2-funds as percentage of pillar 1-funds in EU15 (2003)**



Source: Agreste 2005, " Les Dépenses de l'Union Européenne en Faveur de L'agriculture des Vingt-Cinq Etats Membres ", CCAN, Session 29 June 2005.

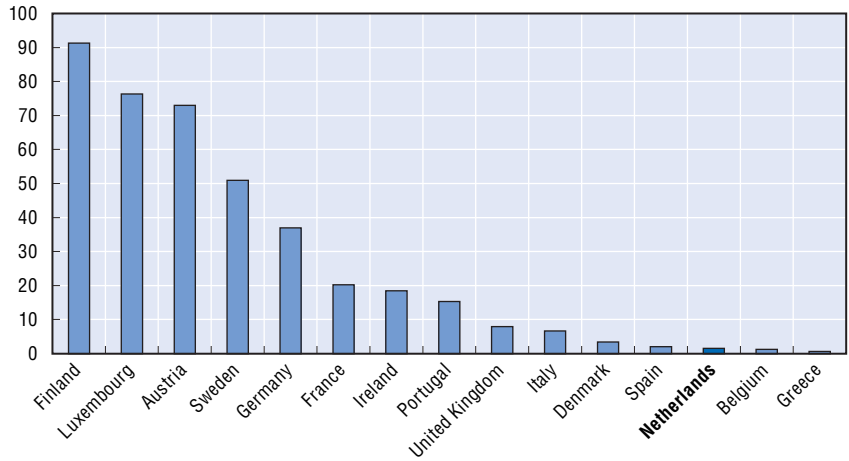
national policy priority considering the budget spent on national ecological networks, so one would have expected to see higher shares of the EU-funds forthe Netherlands being spent on biodiversity, mirroring this challenge.

… and better use of environmental schemes for rural land owners…

For several years now, there have been central government subsidies to stimulate nature preservation by farmers and other land owners. As the most efficient agricultural production will not necessarily provide the best ecological outcomes (for example in terms of biodiversity), the subsidy tries to compensate farmers for the revenue losses if they do farm in a way that is more environment-friendly. Schemes cover for example the costs of maintaining hedges and buffer stripes. As the land ownership by parties other than farmers is considerable, schemes with these land owners are also potentially effective. The current environmental schemes are national schemes. Both the schemes for agricultural land owners and other private land owners are now integrated into the rural budget.

Use of agri-environmental schemes in the Netherlands remains very modest in EU-perspective. Especially when compared to countries such as Austria, Finland and Sweden, the uptake of agri-environmental schemes in the Netherlands is marginal. Of the EU 15-countries only Belgium and Greece had lower scores (see Figure 2.4). Although more use has over the last years been made of agri-environmental schemes, their application remains limited when compared to other OECD countries. This might have something to do with the intensity of Dutch agriculture. In virtually all countries the uptake of

Figure 2.4. **Percentage of agricultural area under agri-environmental programs (1998)**



Source: Glebe, T. and K. Salhofer (2004), *National Differences in the Uptake of EU Agri-Environmental Schemes: an Explanation*, Paper for the 87th EAAE-Seminar: Assessing Rural Development of the CAP, Vienna.

schemes is highest in areas of extensive agriculture where biodiversity is still relatively high and lowest in intensively farmed areas where biodiversity is low (Kleijn and Sutherland, 2003).

Agro-environmental schemes are showing mixed results in the Netherlands. Neither plant species richness nor abundance of meadow birds was found to be higher on fields with agri-environment schemes. Species richness of bees and hoverflies is increased according to some studies (Kleijn, *et al.*, 2004), but this effect is not found in other studies (Kohler, *et al.*, 2007). Results, however, seem to be more positive in other EU countries. Relatively few sound evaluation studies exist on agri-environment schemes in other EU countries, but the existing ones provide generally more positive results than those for the Netherlands: significant positive effects on biodiversity are found (Primdahl, *et al.*, 2003). In many European countries some measure of biodiversity was higher on fields with agri environment schemes compared with conventionally managed fields. The Netherlands forms the exception in that no effect was found (Kleijn, *et al.*, 2006). A meta-evaluation of 62 evaluation studies on EU countries found mixed but generally positive effects on plant and bird species (Kleijn and Sutherland, 2003). But much depends on context and design.

There are several explanations for the ineffectiveness of agri-environmental schemes in the Netherlands, most of them related to the way agriculture was carried out. The failure of agri-environmental schemes to promote target species may be related to the high intensity of land use in the Netherlands. Simple conservation measures taken by farmers may not be

sufficient to counteract the impact of factors that are often controlled at the landscape level, such as hydrology (Kleijn, *et al.*, 2004). The high level of nutrient input in the Netherlands might explain the lack of biodiversity (Kohler, *et al.*, 2007); Nitrogen deposition on areas managed by agri-environment schemes appear too high to allow nature goals to be achieved (Melman, *et al.*, 2005). Another explanation is the poor environmental condition of the agricultural areas that are close to the areas under the nature conservation schemes. More ambitious agri-environmental schemes might be necessary to obtain results in areas with meadow birds (MNP, 2007).

… by bringing down transaction costs…

High transaction costs connected to the schemes also impede effectiveness. Many farmers consider the costs of co-ordination of policies and administrative procedures to be high; in several cases too high to become engaged in agri-environmental schemes. Performance criteria in many schemes are procedural rather than directed at output or outcome. Some of the schemes have been developed and implemented in a top down-manner, leading to long discussion with stakeholders afterwards on schemes and monitoring of the schemes (Eshuis, 2006). Another observation is that some of the goals of agri-environment schemes are not very ambitious, as they are also met without any schemes (Melman, *et al.*, 2005). International comparisons suggest that agri-environment schemes are most effective when they provide the finances that enable farmers and conservationists to carry out measures that they feel positive about. Schemes that are considered financially beneficial but are an inconvenience are much less likely to provide gains (Kleijn and Sutherland, 2003).

… providing continuity…

Some efforts are made to provide more continuity in nature conservation by farmers. Evaluations show that conservation of grass land areas can in principle be done by farmers, but under certain criteria. The most important criterion is continuity. Conservation periods of around 25-year will realise many of the targeted nature goals (MNP, 2005). Although agri-environment schemes do not require government investments in nature acquisition, there is a risk of the schemes in that farmers could stop their nature conservation activities at some point. Also from this perspective, there is a logic for stimulating longer term commitments. Within the framework of the program *Farming for nature* pilots have been started with heavier forms of agricultural nature conservation and much longer contract duration.

Promising steps have been made in re-defining nature conservation as green services and water management as blue services. Over the last few years catalogues have been developed listing green and blue services. In this way it becomes clear what forms of nature conservation can be bought from farmers

or other land owners by governments, without it leading to distortions on the agricultural markets. In this listing the so-called blue services are included. These are services that aim at improving water management.

… and solving principal/agent-problems

There is however a principal-agent-problem that remains unsolved. Government sets targets but does not have enough knowledge of local circumstances to be sure about their accurateness. This is the more relevant as the environmental schemes are national schemes. As circumstances (and thus the chances for success) differ per area, government might be tempted to differentiate between areas, but they can only succeed in this by relying on information given by those who have an interest themselves in a high compensation for the service. There is a risk that farmers will be paid for activities that they were planning to do anyway. There are indications that this is the case in the Netherlands. As mentioned earlier, some of the targets seem to lack ambition. In order to avoid this dead weight loss, governments tend to define procedural criteria and intensify controls. This has however led to perceived high transaction costs of schemes that impede wider use of green and blue services. New strategies are needed to solve the principal-agent-problem.

2.4.1. Involvement of local government and private actors

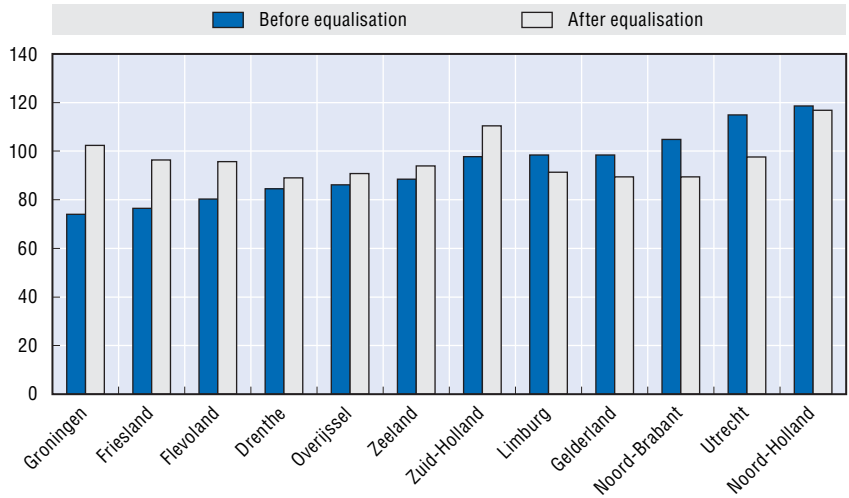
Improving biodiversity could also be helped by more financial involvement of local government and private actors. It is critical that municipalities have incentives to perform in the manner required or are willing to collaborate to achieve desired goals. Failings of small municipalities, for example, often result from inadequate funding mechanisms, which result in either too limited a resource base to engage effectively with spatial planning needs or induce "growth machine" pressures that favour growth at almost any cost in order to satisfy local demands for services. The municipal funding system creates incentives to provide firm location areas, but the possibilities to generate more income by building activities seem to be limited in the Netherlands.

Local authorities are compensated for most of their costs…

Local government revenues mainly come from central grants. Less than 5% of municipal revenues come from local taxes or fees. This is a very low percentage when compared to other OECD countries, where a larger share of local revenues is formed by local taxes. This means that local governments in the Netherlands are quite dependent on central government grants. The largest of these is the general grant; in addition to that there are several specific grants. The main local tax is the property tax. There are other local taxes, such as a tourist tax, but these are not used by all municipalities and form a marginal share of local resources.

Local governments in intermediate provinces have lower tax capacity than those in urban provinces but they are to some extent compensated for that by a larger general grant. A large part of local revenues come from the general grant. This grant is allocated on the basis of several criteria that take into account the costs and needs for goods and services that municipalities provide. The local tax capacity is also taken into account, in order to compensate municipalities that have limited possibilities to get local tax revenues. In this way equalisation takes place of the financial position of municipalities. Local governments in the intermediate provinces are net receivers of this equalisation (see Figure 2.5), as are the four largest cities in the Netherlands.

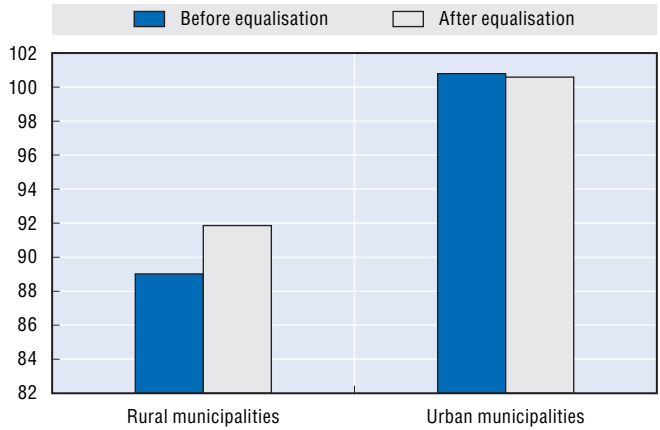
Figure 2.5. **Relative financial position of municipalities in intermediate and predominantly urban provinces before and after equalisation (2004)**



Source: Merk, O. (2006), *Grote Steden en het Kind van de Rekening*, Economisch Statistische Berichten.

There are differences in the financial position of rural and urban municipalities in the Netherlands. Rural municipalities have lower tax capacity than urban municipalities. Although they get slightly more general grant per capita, a substantial difference in the financial position of rural and urban municipalities remains (see Figure 2.6). This difference might be explained by the different spending needs: cities provide more social services and various forms of infrastructure such as cultural institutions. As was mentioned before, a considerable share of the municipal budget has long come from land exploitation: the costs for green areas were financed through the value increase due to land conversion. Over the last ten to fifteen years, municipalities have lost their dominance on markets for agricultural lands; this can explain the slow rate of development of green recreational areas in these municipalities (Needham, 2007).

Figure 2.6. **Relative financial position of rural and urban municipalities before and after equalisation (2004)**



Source: OECD secretariat calculations based on data of Statistics Netherlands: *www.cbs.nl*.

… but their possibilities to fund rural amenities are limited

One could wonder whether the municipal funding system compensates rural areas for the role they play for urban areas. Cities are compensated in the funding system for the central role they play in the provision of several services. The assumption is that people from municipalities around cities will make use of the cities' infrastructure without paying for it via local taxes. There might also be an inverse relation, as inhabitants in cities make use of the rural areas as consumption areas, for example for recreation. Rural areas are however not compensated for this function via the municipal funding system. As agriculture provides for most of the agricultural landscapes in rural areas, one could argue that the Common Agricultural Policy provides in some way for the rural functions, but this is not wholly convincing considering that it also has contributed to rationalisation of landscapes and loss of biodiversity that is generally less appreciated. There are instruments that local governments could use to get in extra resources and that are related to rural amenities, such as the local tourist tax, but not much use of it is made.

Private contributions to nature and the environment have been relatively limited

There is considerable engagement of the population with nature and environmental goals. A large share of the population feels concerned about landscape and nature, 15% of the population is member of one or more nature conservation organisations and a considerable pool of volunteers helps to maintain landscapes and nature areas. Around 6% of private gifts go to nature and environmental goals. Nature and environmental organisations have over

the last decades been able to develop themselves into effective lobby organisations with substantial influence over policy formulation and in many cases a blocking power over policy implementation, via judicial redress procedures. Some nature conservation organisations are not only supported by membership fees (or public subsidies), but also financed by part of lottery receipts. Around 18% of the total gifts from these lotteries went to nature and environmental goals (Leneman, *et al.*, 2006). Some nature areas ask an entry fee, but this is not very common.

Private contributions to nature goals are stimulated by the tax system. The rate of return on investments in nature and landscape is considered to be low, as many of the green services do not have a financial value to the investor. In order to stimulate private contributions to nature, several fiscal instruments have been put in place. There are tax credits for investments in nature and an exemption of the wealth tax. Owners of estates have several fiscal advantages such as exemptions from succession tax and property tax. The costs of all these fiscal facilities have been estimated to be EUR 73 million annually (Boers and Koning, 2005).

There are corporate contributions to nature and the environment, but these are exceptions rather than common practice. Several instruments have been developed to provide private contributions, such as the adoption of a chicken and the auctioning of rights to finance parts of landscapes. Most enterprises are interested in these initiatives for the positive effects that it can have on its corporate image. Activities that go further tend to be carried out by firms that make use of regional resources and feel that their regional embeddedness and identity can be strengthened by involvement with the regional environment (see Box 2.16). The tourism sector makes use of nature and landscape values, so they might be expected to contribute to conversation and maintenance of landscapes. Few examples of these sorts of initiatives are however known. As most landscapes and nature values can be considered public goods, it is not realistic to expect that the private sector to provide these goods, or part of these goods. The private sector will contribute as long as corporate interests and corporate responsibility coincide with the public interest. Examples in other OECD countries show that firms can thus play a role in the provision of landscapes and biodiversity, but only under these conditions. As firms, and most notably farmers and project developers, gain from land conversions, there is a rationale for their contribution to landscape and nature goals.

2.4.2. Conclusion

One of the challenges for rural policy in the Netherlands is to be responsive to local needs and developments. Recently, national rural policy has become more decentralised. Provinces have been given the responsibility for rural policies, along with instruments to strengthen its role in land use planning. A

Box 2.16. **Corporate responsibility for nature: The case of Gulpener**

Gulpener is a small beer brewing company in the province of Limburg: it has 66 employees and represents 1.5% of the national beer market. One of its beers, called "Korenwolf" refers to a wild grain-eating hamster, indigenous to the Limburg region. The beer was launched in 1994 to save it from the threat of extinction. From every sale a contribution was made to contribute to the hamster's breeding program. Since 2001 the company has made a consequent choice for corporate sustainability. Its aim is to only use local and biological products for its beer production, as is already the case for the hops, barley, wheat and rye produced by the regional agricultural co-operative Triligran and for the water from the local water sources. Local nature and environmental organisations are supported and Gulpener's strategic statement refers to the landscape in the region that it wants to preserve. Gulpener has recently bought 5 hectares of forest to compensate its CO_2 emissions. The brewery runs on green energy, mostly from water energy from the region and solar energy. The company has installed solar cells at 50 bars where Gulpener beer is served. (*www.gulpener.nl*).

new budget for rural areas has been created that integrates several grants for rural policy. As such, rural policy has become more comprehensive. Challenges remain. There are still more rural policy programs than those covered by the rural budget and an overview on what funds are going to rural areas does not exist. Although decentralisation is a sensible idea, there are concerns about policy coherence, provincial capacity and autonomy of provinces. Water policies should have been closer aligned with the rural policy, considering that future challenges for rural areas are closely connected to the way that spatial functions for water are taken care of. Provincial capacity is comparatively limited from an international perspective and a more entrepreneurial culture needed for area development seems currently lacking. Finally, the new rural policy leaves little room for manoeuvre to the provinces. This is illustrated by the contracts between the national government and the individual provinces.

These contracts describe precisely the manner in which provinces should achieve their goals when it comes to nature. Provinces have limited possibilities to develop integrated policies and adapt to regional and local circumstances. There is no guarantee that provinces will stimulate regional activities at a lower aggregation level. The need for pilots is established beforehand, rather than during the process as part of a learning experience. Moreover, trust in the national government as a contract partner declined when the rural budget as agreed with provinces was reduced within the first year of the seven-year contract period.

A second important challenge for rural areas is rural land use planning. The Netherlands has a long tradition of land use planning in which separation of urban and rural areas was a key concern. The national government had a central role. Along with the decentralisation of rural policies, land use policies were decentralised. Decentralised area-based policies in principle increase the possibilities of locally adapted solutions. Price signals and cost-benefit-analyses could also help to make sure that social welfare is generated. Essential to this are land markets and governance frameworks. Land prices in the Netherlands are high, due to scarcity of building land as a result of strict zoning. When planning allows for a conversion of function, the gains from this can be large. This has all kinds of consequences. As farmers re-invest their revenues from land sales elsewhere in the Netherlands, they lead to higher land prices in the whole of Netherlands. There are concerns about fairness, as not all farmers are located at future building locations. Gains from land value increases due to zoning changes have long been a substantial source of income for municipalities. But this has changed, leading to fewer funds available for creating green areas. A new Land Exploitation Act, to be implemented in 2008, provides local authorities with more possibilities for cost recovery. Although it is a step forward, challenges remain. It is questionable whether municipalities will become more effective in skimming off gains from land conversion. The governance framework that may help to plan rural land close to cities is related to urban strategies, city-region governance, municipal amalgamation and regulation.

The third policy challenge for rural policy is landscape management and biodiversity. Rural landscapes and biodiversity are impacted by intensive agriculture and urbanisation. The tendency in policy has long been to separate nature and agriculture; agricultural land use should then provide economic production and nature in non-commodity goods, such as biodiversity and landscapes. This clear separation has ended, but there still remains a tendency to think that biodiversity goals can only be reached in nature areas, rather than in all areas. Many opportunities exist to combine land use functions that have beneficial effects for landscape and biodiversity. An important role in improving biodiversity can potentially be played by local actors, but there are improvements to be made in this respect, for example in updating planning concepts and providing more space for green recreation. The environmental schemes for farmers and other land owners suffer from asymmetry of information, providing incentives to land owners not to disclose information or to take actions that could improve biodiversity faster. As most of these schemes are European and national, rather than local, they might not always be most suitable for local circumstances. There might be an argument to make private actors, such as companies, pay for biodiversity and nature, especially if they benefit from it in their business activity, as is the case for the tourist sector.

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Chapter 3

Strengthening Rural Policies in the Netherlands

This chapter provides the main recommendations of the review. It assesses how the main challenges for rural policies in the Netherlands might be addressed, referring to examples of policies in other OECD countries. The first section of this chapter addresses the issue of decentralisation. The second section deals with possible improvements to land use planning in rural areas. The third section, finally, focuses on landscape and biodiversity policies.

Key points

- In the context of decentralised rural policy in the Netherlands, the coherence of policies, provincial capacity and autonomy should be strengthened. The coherence of national rural policies could be strengthened by making explicit how different policy areas interrelate with rural policy and how different national policies have an impact on rural areas, so that these policies can better take the interests of rural areas into account. Regional autonomy should be increased. Central and provincial governments should agree on the high level goals, but provinces should have more autonomy to implement these goals. Experiments and pilots should be stimulated, as well as institutional innovation to strengthen provincial capacity.
- In order to get a better grip on priorities for rural land use, more use of price signals could be made, interaction between cities and rural areas be increased and governance structures could be generated where rural and urban need can be discussed. A more balanced land use could also be achieved by using part of the gains of land conversion, either by considering a more flexible local zoning system using land-bid schemes or introducing a land conversion fee. A shared vision on exporting land use could release some of the current pressure on rural land.
- Landscape and biodiversity policies could be strengthened in several ways. There should be incentives to improve biodiversity and landscapes all over the rural areas, not only in the designed areas such as the national landscapes or the national ecological networks. Principal/agent-problems in environmental schemes should be solved by setting up pilots with auctions for providing biodiversity or landscape values. In addition to that, environmental schemes might be decentralised further. Possibilities for local funding should be increased and private funding of environmental schemes should be stimulated.

Introduction

This chapter will provide recommendations and point to examples from rural areas in other OECD countries that might provide lessons and inspiration. The main policy challenges that have been identified in this Review for the rural areas in the Netherlands are decentralisation, land use planning and landscape and biodiversity issues. Although several government levels in the Netherlands (and in the EU) have formulated and implemented policies to tackle these challenges, there is still room for improvement in these areas.

The room for recommendations that can be implemented immediately is to some extent limited by the fact that a rural policy reform was implemented from 2007 and the new Land Exploitation Act from 2008. However, as the policy subject to this reform forms only part of a set of policies that can influence rural areas in the Netherlands, there is room for change allowing the national, regional and local governments to take on board recommendations. A new national government has been formed in the beginning of 2007 that in general seems to endorse the rural policies of the previous governments, but that leaves room for new priorities. The coming period will also provide several occasions to discuss reform of the Common Agricultural Policy.

3.1. Decentralisation

There is regional variety within rural areas in the Netherlands. Effective rural policies should take this into account and leave room for regional actors to come up with rural policies that are adapted to local circumstances and preferences. This region-oriented policy should be integral; policies within the different policy fields should be interconnected and have a coherent logic. Rather than a collection of sectoral policies, it should be an integrated area-based policy. This new policy approach has been described as "the new rural paradigm" (OECD, 2006d).

The coherence of the national rural policy should be strengthened…

The coherence of national rural policies should be increased. The Agenda for the living countryside mentions several elements that are important for rural areas, such as economic growth, good social services, and space for recreation, nature and agriculture. These elements do not get translated in the budget for rural areas. A national rural policy should make clear to what extent rural areas are affected by national government policies on regional development, innovation, renewable energy, water, social services and other policy areas that might be relevant for rural areas. The next rural policy document should contain a comprehensive overview of national government funds going to rural areas, such as is already the case for urban areas.

Better use could be made of the national policy frameworks of ministries, for example on economic development, to improve the conditions of rural areas. Although provinces have been given a more prominent role in fostering rural development, national policies still exert a strong influence on rural areas and could provide co-ordination across provincial boundaries. It would be a missed opportunity not to take this into account. There are several economic challenges in some of the rural areas, such as low labour productivity and lagging innovation. At the same time, it has become clear that rural areas have many promising economic sectors that might perform

better by taking away some market failures, such as in the market for the funding of research and development or commercialisation of knowledge. Both national innovation policy and regional-economic policies could play a role in making better use of the innovation capacity in rural areas in the Netherlands.

… and regional autonomy should be increased…

National rural policy should be more concerned with high level goals rather than the policy instruments. The contracts between national government and provinces for the rural budget prescribe quite precisely the use of policy instruments; such as the exact amount of hectares of nature area and recreation area to be bought and redesigned. At the same time provinces are not held accountable for achieving the higher level goal, such as biodiversity targets. The order should be rather the reverse; central government and provinces should make clear what the high level goals are; and provinces should be left with enough room to implement policies. Implementation could consist of acquiring nature, but could – considering local circumstances – be achieved in other ways.

Rural policies should leave more room for experiments and institutional learning. The contracts between national government and provinces have a rather "closed" character: they are detailed, with extensive control mechanisms and sanctions when goals have not been achieved. A more open character would have increased the institutional learning process. Provinces should be stimulated and supported in their search for practices and policies that might foster rural development in their rural areas. The Ministry of Agriculture, Nature and Food Quality should be generous in supporting pilots or experiments in addition to those agreed in the contracts. It is important to give room to local self-regulation, such as those of environmental co-operatives, as they could reduce transaction costs in the implementation of rural development policies and fit well in the tradition of strong civil society involvement in the Netherlands.

… as well as institutional innovation and capacity building…

Good policy results should be rewarded. The contracts of national government with the provinces provide sanction mechanisms, but they are not likely to provide many incentives for policies that try to confront the challenges for rural areas. Inter-provincial learning, in order to increase regional capacity, should be stimulated. Ideas should be developed on how provinces could be rewarded for innovative area-based policy initiatives on the basis of meaningful outcome indicators. The central government should remain trustworthy as a contract partner. Breaking up a contract within the first year of a seven-year contract period is not a very good sign. The central government should stick to its financial commitments.

3.2. Land use planning

Try to get a better grip on priorities for land use…

There should be more explicit consideration of the priorities, synergies and conflicts for land use. There are many claims on rural land, such as those from national government, urban citizens, water boards and companies. These different claims could be weighted more explicitly. This might be done in different ways, such as the use of price signals, attention to rural areas in urban policies and governance structures in which rural areas are taken into consideration.

… by using price signals…

Pilots to experiment with the use of price signals should be set up. The difficulty of the combination of claims on land is the current impossibility to weight them against each other (and against the alternative of doing nothing). This impossibility is made more complicated by the zoning of land, resulting in different opportunity costs. The use of price signals should lead to a way of decision making that takes costs and expected values into account, leading to an improved outcome. As the system might have its drawbacks, it would be advisable to start with a few pilots to see if inclusion of price signals in decision making processes can work in practice.

Cost-benefit-analysis of landscape and nature could be applied more often. First steps within the field were made by the Ministry of Agriculture, Nature and Food Quality, but more should be done. Instruments should be refined and applied to future land acquisitions for the ecological main structure. The expertise within the Ministry and provincial governments about cost-benefit-analysis and its application to nature and landscape should be increased.

Box 3.1. **The use of price signals to determine efficient land use**

Prices are not always well reflected in plan-making and development control. One method is that planners could be required to take into account the price of land for different users as a material consideration and only reject a change of use when there is evidence that the social costs exceed this price discrepancy. If a plot of agricultural land, for example, is worth EUR 10 000 but the adjoining commercial land is worth EUR 800 000 then after adjusting for infrastructure costs the change of use should occur unless the social value is over EUR 790 000. In this way, where the amenity value is sufficient to override the price differential it should be allowed to do so. While this type of system has its drawbacks – in particular the difficulty determining the appropriate social value of land and the discount rate to be used – the insight that prices are important signals of demand is a crucial one.

… have more interaction between cities and rural areas…

There should be more attention for rural areas in urban strategic plans. Many cities have rural areas in close proximity. The interaction of rural and urban areas will lead to more knowledge of and insight into the different characteristics of these areas and the role they could play for each other. The influence of urban areas on rural areas can be manifold and it does not always correspond to preferences of urban areas. At the same time, the city could help in achieving the strategic area-vision of rural areas. Links with the city could further a more regionally embedded agriculture and provide support for maintenance and investment in rural landscapes.

There should be connections between national urban and national rural policies. There is not only a national policy for rural areas, but also for urban areas. As mentioned in Chapter 2, the designs of the national urban and rural policy resemble each other in many aspects: they involve contracts and a term of contract that is longer than a cabinet period. National urban policy has often been criticised for not taking into account the whole functional area of a city, namely the city-region. Not only would this be logical from the perspective of urban dynamics, but it would also do justice to the relation between cities and their fringes, which in many cases are urban areas.

It would be helpful to synchronise the national urban policy framework with the national rural policy framework from 2014. The current national government has decided to continue with the national urban policies. The term for the next round of contracts with cities will then start in 2010 and define targets to be achieved in 2014, considering that again a five year term will be used. Bringing this term back for one time to four years would enable synchronisation of national urban and rural policies from 2014 and could stimulate co-ordination between the two policy frameworks.

… and come up with governance structures where rural and urban needs can be discussed

The governance mechanism of city-regions should be strengthened. There are currently eight city-regions. These are inter-municipal structures for co-operation, which generally work well when interests are similar, but less well when interests are different. Several of these city-regions have a considerable share of rural municipalities as their members, as was mentioned in the second chapter. In this way; externalities of city or municipal policies can be internalised. This can take several forms: cities could for example contribute to the conservation of certain landscapes in which their citizens recreate. The ties of urban and rural municipalities within the city-region could be strengthened by providing more incentives for co-operation and governance mechanisms that give more weight to the smaller

(often rural) municipalities, as has been the case in France that has a form of inter-municipal co-operation that in many respects resembles the Dutch mechanisms (see Box 3.2).

Box 3.2. **Inter-municipal co-operation in France**

In France the awareness of challenges arising from unresolved conflicts in city-rural competitiveness and the willingness of government bodies to intervene has increased considerably in the past. Improved co-operation between cities and surrounding areas is seen as a remedy and actively supported by a combination of contracts and financial incentives. A key role in linking cities and surrounding rural areas is played by co-operation between municipalities in several schemes, such as the *communauté de communes* and the *communauté urbaine*. Inter-municipal co-operation and negotiation is supported by powerful incentives. Inter-communal bodies are empowered with governance responsibilities and participate in tax revenues depending on the degree of integration. These inter-communal bodies have grown in coverage over the last decade; over 80% of the total population now live in areas governed by inter-communal bodies that are entitled to fiscal revenues. Incentives for co-operation are provided by the central governments in the form of grants that are only given when co-operation is achieved. Several of the larger municipalities within the co-operation mechanisms willingly give up seats within the board in order to make sure that the voice of the smaller municipalities will be heard.

The creation of city-regions in intermediate provinces should be stimulated. The current eight city-regions are all in predominantly urban provinces; none of them in intermediate provinces. Considering the substantial urban-rural linkages in the intermediate provinces, for example when it comes to commuting, there is a case for spreading the practice of inter-municipal co-operation to the cities in intermediate provinces. It is the responsibility of the municipalities concerned to come up with the proposal to co-operate, but examples of good practices from existing city-regions might be spread around.

A similar mechanism for urban-rural co-operation is to initiate more amalgamations of urban and rural municipalities. In this way externalities could also be internalised. Over the last decades, considerable municipal amalgamation has taken place in the Netherlands, although mostly among rural municipalities. This project of gradual amalgamation could now be turned towards urban-rural mergers.

More balanced land use can be achieved by using part of the windfall after land conversion

Zoning guarantees that land will be used for particular functions; it thus can protect areas from being developed or built on. Changes in zoning will lead to different functions in an area and will leave some people better and some people worse off. People that are worse off can in principle be compensated for spatial changes, either in monetary terms or in terms of desirable goods (such as nature, lakes, etc.). In order to finance this compensation, part of the windfall of those who benefit from the zoning change, that is mostly farmers who sell off their land, can be skimmed off. This is currently not done in the Netherlands. Although compensation can take place for those whose property decreased in value due to a planning decision, this is not paid by those who benefit from the decision. Compensation is sometimes financed by housing development and thus becomes part of the housing price (the so-called red-for-green schemes), but these schemes are not without drawbacks. It would be recommendable to skim off the difference between the price before and after the zoning change. This can be done in several ways.

Municipalities should become more flexible in changing land use functions and let it depend on the price for which owners want to offer land. Zoning in the Netherlands has long been a centralised, top down process in which rather generically areas where destined to be "red" or "green". This central approach has changed. Regional and local governments have now more freedom to decide on land use planning. This changed approach makes it possible for local governments to be less generic in their zoning approach. Rather than deciding on zoning before starting negotiations on land sell, it can now try to change the spatial functions of those areas where land owners want to settle for a reasonable price. This can be determined in a land bid scheme (see Box 3.3). The Ministry of Agriculture, Nature and Food Quality should stimulate local governments to set up pilots with these land bid schemes.

Alternatively, a land conversion fee could be introduced. As land bid schemes will not work under all conditions (in the case of a small number of sellers or plots), a more generic instrument might be introduced to skim off windfall profits. A land conversion fee is such an instrument. This is a tax to be paid by a land owner when the land changed function; the tax would amount to a part of the planning gain: that is the difference between the value before and after the planning decision. Several OECD countries have or had land conversion fees (see Box 3.4). An advantage of a land conversion fee is that the option value of land will decrease making it easier for the remaining farmers to buy the farmland of those who stop, increase land mobility and increase efficiency.

Box 3.3. **Land-bid schemes**

Under a land-bid scheme the municipal council would invite bids from anyone in the district wanting to sell land. Farmers and other prepared to sell land would write to the council stating which land they are prepared to sell, and at what price (a so-called sealed bid). If there were no other way to get new land zoned for development many farmers may be prepared to sell their land for double its current agricultural value. A council could therefore expect a lot of land to be offered at around EUR 60 000 per hectare, and might buy a range of land for EUR 180 000 per hectare. At that price a typical 50 hectare farmer would receive EUR 9 million for farmland that is otherwise worth only EUR 1.5 million. The council would buy land using "best value" criteria, rather than just by considering price. The council would then re-zone the land for development. The revenues could be used to support local public services, nature development or reduction of local taxes. This model is likely only to be applied in a limited number of areas, where there are large numbers of potential sellers and numerous potential sites for development. There is also possible interference with the land conversion fee (Leunig 2004).

Box 3.4. **Land conversion fees in other OECD countries**

The Barker Review of Housing Supply in the United Kingdom recommended the introduction of a Planning Gain Supplement to capture a modest portion of the land value uplift accruing to land granted planning permission. The UK government has committed that a "significant majority" of these Planning Gain Supplement revenues would be recycled back to local authorities, providing resources for the delivery of infrastructure and other public goods for new development. Consultation on its implementation took place between December 2005 and February 2006 and it is currently expected that the Planning Gain Supplement will not come into effect before 2008.

Denmark is divided into urban zones, summer cottage areas and rural zones with special rules for development in rural zones. Agriculture is the priority economic activity in rural zones, implying that buildings needed for agricultural purposes can be constructed, while new dwellings, urban businesses and institutions require a rural zone permit. Up till 2004 municipalities in Denmark could impose a land conversion fee when rural land was converted in an urban zone. This fee induced positive incentives to develop new areas; its abolishment in 2004 reversed this effect. The result has been sluggish responsiveness of housing supply (OECD, 2006c).

A shared vision on exporting land use needs could release some pressure on rural land

The possibility of exporting some of the demands on rural land use is currently not used. It might however relieve some of the urban pressures on rural land. Since the visions of central and provincial governments on what land use needs should be accommodated in the Netherlands are not similar, it is important to come up with a shared vision of national and provincial governments on this. An element in this vision could be the question whether there continues to be a reason to distinguish between normal and recreational housing.

3.3. Landscape and biodiversity policies

There should be incentives to improve biodiversity and landscapes all over the rural areas

Dutch policies suggest a certain tendency to separate functions: there are national landscapes, national ecological networks for biodiversity and recreation areas for recreation. Goals can however be combined. National and regional governments should for example not only focus on the ecological main structure as the way to improve biodiversity in the Netherlands, but also be aware about the potential of all other areas that might contribute to achieving biodiversity goals. In order to stimulate this, targets for biodiversity should in rural policies not only take account of the amount by which the ecological main structure has increased, but rather be expressed in outcome terms, namely the reduction in extinction threats for specifically described flora, fauna and habitats level. These targets might for example be included after a midterm evaluation of the rural budget. It might be reconsidered whether realisation of more national ecological networks within urban provinces are still feasible, considering, in addition to European and national policy agreements, also the low appreciation that the local population usually has for these areas in comparison with other landscapes and green areas. Similarly, regional and local authorities might update planning concepts such as the Green Heart and the finger plan in Amsterdam, to make sure that they continue to correspond to the needs of the local population.

Biodiversity loss and the changes to rural landscapes over the last decades can to a substantial extent be explained by the very intensive agriculture practiced in many parts of the Netherlands. As nature and agriculture were segmented in spatial and in policy terms, little attention was paid to the effects of the negative externalities of agriculture on the environment. Although this has changed, there is still considerable segmentation in agricultural and nature policies. In order to achieve results in avoiding biodiversity loss and maintain rural landscapes, environmentally-friendly agriculture should be stimulated. Existing policies have resulted in larger farm sizes. Considering the current

ambiguities on the relation between size and environmental performance, it is recommended that an agricultural policy that is size-neutral be pursued; a policy that gives neither incentives nor disincentives to farmers to increase their size.

Market concentration in the agro-food-industry hinders the diversification of agriculture. This is an issue to be addressed by competition policy. In general, however, competition policy tends to focus on consumers rather than producer welfare. This obscures the dynamics of market power in the food industry which is being exercised on the buyer side to be able to serve price wars aimed at increasing consumer shares.

Voluntary modulation is not used in the Netherlands, but policy challenges within the field of biodiversity might make it necessary. Both the share of Pillar 2 support and the uptake of agro-environmental schemes in the Netherlands are relatively low. Although the relative lack of rural development problems in the Netherlands as compared to other EU countries could explain the small share of Pillar 2 – support payments, more use of European funds to increase the uptake of agro-environmental schemes would be sensible.

Solve principal/agent-problems in environmental schemes…

The main difficulty of contracts in general is the asymmetry of information; landholders know more about on-site costs and local impacts than the ministry giving out the contracts. This leads to several incentive problems. One of these problems is adverse selection; farmers that are already environmentally friendly will have more incentives to join these schemes as their compliance costs are lower. They will have to make fewer and less severe changes, which results in comparatively small additional environmental benefits and an overcompensation of compliance costs. As environmental goods and services are normally not directly contractible, rewards from schemes cannot be based on environmental outcomes, but will rather be based on changes in farming practices. This does not provide many incentives for innovation and find new methods to maintain the landscape or increase biodiversity (Latacz-Lohmann, 2005).

… by pilots with auctions

Auctions are a way of dealing with this asymmetry of information, since they reveal local information. The benefits of using auctions as an environmental policy instrument increases if there is less information available to the regulator. This can for example be information on the opportunity costs of conservation and the ecological significance of the natural assets existing in the farmlands (Latacz-Lohmann and Van der Hamsvoort, 1997). In an auction process bidders offer to change their land use and management practices and their bids indicate

the minimum amount that they require as compensation for this alteration. Auctioneers aim at minimising the amount spent in order to reach a specified conservation objective, or to maximise the conservation value of the awarded contracts within a given budget. Nature conservation typically involves multiple contracts, as there are many landowners. A multiple-item auction makes sense, in which bidders hand in a sealed bid for a certain conservation value. As these conservation values will differ, these quality aspects also have to be taken into account. After correcting for this conservation value, the lowest bidders are rewarded and receive the payment stated in their bid.

Appropriate auction design is of crucial importance. Possible strategic bidding behaviour can occur in case of multiple auctions, as well as collusion, which evidently reduced the efficiency of auctions. The instrument of an auction is thus not suitable for small scale, local environmental goods and services, because the smaller number of potential bidders increases the risk of collusion and strategic bidding. Another disadvantage noted is the likely higher administration costs and possibly higher transaction costs on the side of the farmers (OECD, 2007c). There are however several factors influencing the performance of auctions, such as the auction format, contract design, specification of biodiversity preferences, communication with landholders, skills required running an auction and timing of activities. Several of these design issues can contribute to take away the disadvantages mentioned above (Rousseau and Moons, 2006).

Auctions for nature conservation have worked in several instances. The most well-known example, the BushTender pilots in Victoria, Australia generated substantial positive effects (see Box 3.5). Other experiments with positive effects were carried out in the US, UK and Australia. Auctions in the Conservation Reserve Program (CRP) in the US for example contributed significantly to the achievement of a variety of environmental goals. The Australian Auction for Landscape Recovery-program (ALR) was two to three times more cost-effective than a uniform price system. Positive results were also found in a model calculation for Flanders (Rousseau and Moons, 2006). Effects of experiments in Germany were however more moderate.

Experiments like this should be set up in the Netherlands. There is relevance of the Australian experiments to the Dutch situation; the average farm size is about similar to those in the BushTender pilot in Australia. There is a concern in the Netherlands about the corridors necessary to create conservation areas of a certain volume; this could to some extent undermine the effectiveness of the instrument. However the same problem exists in current schemes. Moreover, when landowners are unaware of the location of the corridors at the time of the auction, their behaviour in the auction is unaffected. Setting up experiments like these will help to develop expertise on auctions.

Box 3.5. **Auctioning biodiversity contracts in Australia**

One of the most well-known small scale pilot case studies of an auction system for biodiversity conservation contracts has been carried out in Victoria, Australia, under the name of Bush Tender. The auction process generated the interest of 126 farmers. These farmers were visited by a field ecologist who assessed the quality and significance of the native vegetation on the site and discussed options that might be considered by the farmers. Following these field visits, 98 bids were received in which farmers described the actions they were willing to engage in and an offer price submitted as a sealed bid. All bids were ranked according to a biodiversity benefits index, which indicated the relative cost-effectiveness of each proposed contract. Each private bid was thus weighted against the associated potential ecological impacts at the landscape level. 75% of the farmers obtained contracts. The public budget for the contracts was USD 400 000, the average bid was about USD 4 600 and specified in management agreements over a three-year period. In total the contracts covered 3160 ha of habitat on private land. Participants in the nature conservation auction were a random draw of the rural population with respect to age, education, agricultural enterprise mix etc. Participants were more likely to operate relatively less intensive agricultural enterprises. The costs in pilot regions compared to those with a fixed-price approach were estimated to be seven times lower (Stoneham, *et al.*, 2003). It has provided 75% more biodiversity conservation compared with a fixed-price payment scheme and enforcement costs were relatively low (Pascual and Perrings, 2007).

Decentralise environmental schemes

Decentralisation can take account of regional differences and could better target environmental schemes. One suggestion that has been raised in the case of Austria is to use farming styles to improve the effectiveness of agri-environmental programs by creating customised support packages and in advising and addressing farmers. In order to maintain and enhance ecological quality on their farmland, each of these groups requires tailored agro-environmental schemes that appeal to their characteristics and attitudes (Schmitzberger, *et al.*, 2005). Provincial and local governments would be in the position whether these or other possibilities to target environmental schemes would work. Experience in Austria shows that local schemes can complement national and EU schemes (see Box 3.6). Their contribution could thus be considered a refinement of the policy instrument, which has the advantage to take into account locally preferred environmental outcomes.

Box 3.6. **Local agri-environmental schemes in Austria**

Extensive small-scale agriculture increases the utility of those who spend leisure time in the Alpine regions in Austria, as it offers a pleasant landscape for recreational purposes. Farmers will mow the grassland, take care of the rural trail and road network, preserve the vegetation along the waterways and cultivate pastures. In general, farmers do not receive direct monetary compensation in return for these non-commodity outputs, and therefore their availability cannot be guaranteed, as their provision is based on altruistic or ethical motives. Since the number of full-time farms in mountain areas is declining rapidly, several tourist-intensive communities in Austria have opted to offer an incentive for the provision of landscape services in the form of direct compensation to local farmers. These compensation payments are voluntary public expenditure by local governments, and the amount has to be agreed by local community councils. In the assignment of seats in municipal councils in Austria, political parties take the structure of the local population into account. Successful bargaining outcomes appear to be tourism-motivated. A prerequisite for successful bargaining outcomes is that the benefits are monetised in the form of profit for hotel-keepers and tourist taxes. The average willingness to pay of tourists was calculated at EUR 0.67 per day.

The local programs are collective programs that are binding for all farmers. Given the uniform compensation scheme, individual farmers choose whether to accept the program or not. In 2000 famers received on average EUR 241 per farm or EUR 34 per hectare of agricultural land. The local schemes were found to be an important supplement to EU and national agri-environmental schemes: an increase of EUR 1 in the national scheme increases local compensation by EUR 0.2. The national scheme apparently has not been a sufficient incentive for farmers to provide the recreational and conservation services desired by local communities, as a national program cannot be expected to take into account all community-specific needs (Hackl, *et al.*, 2007).

Provide more funding possibilities for local governments

Local governments in the Netherlands will in many cases not have much room to generate additional revenues to finance local schemes to improve biodiversity. The conversion fee, recommended in this Review, of which the receipts could be reserved for municipalities, should provide some room. Obstacles for wider use of the local tourist tax should be removed. In light of reform of the Common Agricultural Policy, municipal funding criteria should be reconsidered when it comes to the functions rural municipalities have for urban citizens.

Private funding of environmental schemes should be stimulated

The private sector benefits in many cases from idyllic landscapes and well preserved nature. In some cases these amenities are indispensable for their

business activities, as is the case for tourism. Private actors therefore fund in some cases the conservation and maintenance of these rural amenities. This is for example the case in Austria where the tourist sector pays for maintaining the agricultural landscape (see Box 3.7). Although few municipalities in the Netherlands have a similar high dependence on tourist activities, local governments could decide to reserve a share of local tourist taxes for the maintenance of nature and landscapes.

Box 3.7. **Financing landscape conservation by agri-tourism in the Weissensee area**

The community of Weissensee is located in the Alps in the South of Austria. Weissensee is one of Austria's most tourist-oriented communities in which agriculture is closely connected to the tourist industry. The agricultural landscape represents an important input factor for the production of tourist services. In order to protect the rural landscape a landscape preservation program has been set up and a private organisation, called the Landscape Conservation Organisation. This organisation has set up comprehensive production and landscape guidelines to be followed by farmers seeking monetary compensation for non-commodity outputs. Based on a set of criteria, the objective degree of difficulty in cultivation at the farm level is determined and this is translated into a point system. The payment of an individual farmer depends on the multiplication of his score with the number of hectares under cultivation. In order to be entitled to payments, a farmer has to respect several conditions with respect to livestock density, not using chemical fertilisers etc. All 26 farmers in Weissensee participate in the program. The average monetary compensation per farmer was EUR 1 677. The landscape preservation program is financed by payments of tourists spending their vacation in the areas. Around 5% of the local tourist tax is directly transferred to the Landscape Conservation Organisation for compensating landscape cultivation. In 2001 this amounted to EUR 25 500. The organisation received additional revenues of EUR 18 100 from the community budget (OECD, 2005).

3.4. Conclusion

The characteristics of rural areas in the Netherlands were described in the first chapter of this Review. Rural areas in the Netherlands are characterised by their proximity to cities. This proximity to cities determines to a large extent the challenges that rural areas in the Netherlands are facing. There is an increased pressure on rural land to satisfy demands for rural housing, economic activity, recreation, water retention and biodiversity. Future developments will intensify these demands for rural land use. The challenge for rural areas are to find a balance in these multiple, often conflicting, demands for rural land use. As many conditions differ regionally

and locally, there is a need for mechanisms that can take account of this regional differentiation. Considering the characteristics of rural areas in the Netherlands, landscapes and biodiversity deserve special attention in finding these regionally differentiated balances in rural land use.

The second chapter of this Review described the policies that are in place to tackle these challenges. It was mentioned that rural policy in the Netherlands was decentralised recently. An area-based policy approach that came up in the 1990s has evolved in a more comprehensive rural policy, that is decentralised and uses contracts as an instrument to coordinate central-regional relations. Decentralised rural policies will in principle be able to provide regionally differentiated policies, but there are concerns about coherence of policies, provincial capacity and regional autonomy. The conditions on the rural land market form the second challenge. Prices for agricultural land are high and the gains from land conversion can be large. Possibilities of municipalities to provide green spaces have become more limited. Although there are schemes to skim off these gains, such as red-for-green-schemes, they turn out to be inadequate. The new Land exploitation act is a step forward, but challenges remain. Nature and landscape values are the third challenge. They have been promoted in designated areas, but there are possibilities in many other areas in which regional initiatives are crucial, to update planning concepts and to make sure that agriculture is environmentally friendly.

This third chapter of the Review gave the main recommendations for rural policy in the Netherlands. They are threefold: make better use of decentralisation, strengthen land use mechanisms and strengthen landscape and biodiversity policies. In the context of decentralised rural policy in the Netherlands, the coherence of policies, provincial capacity and autonomy should be strengthened. The coherence of national rural policies could be strengthened by making explicit how different policy areas interrelate with rural policy. Central and provincial governments should agree on the high level goals, but provinces should have more autonomy to implement these goals. In order to get a better grip on priorities for rural land use, more use of price signals could be made, interaction between cities and rural areas be increased and governance structures could generated where rural and urban need can be discussed. A more balanced land use could also be achieved by using part of the gains of land conversion, either by considering a more flexible local zoning system using land-bid schemes or introducing a land conversion fee. Landscape and biodiversity policies could be strengthened in several ways. There should be incentives to improve biodiversity and landscapes all over the rural areas, not only in the designed areas such as the national landscapes or the national ecological networks. There should be pilots with auctions for providing biodiversity or landscape values, further decentralisation of environmental schemes and more possibilities for local and private funding of environmental schemes.

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Évaluation et recommandations

Les zones rurales aux Pays-Bas : proches des villes…

Les Pays-Bas sont très urbanisés et très densément peuplés. La population néerlandaise vit pour 85 % dans des zones urbaines ; ce pourcentage est le plus élevé de l'OCDE. De plus, il s'agit du deuxième pays le plus densément peuplé de l'OCDE. Par conséquent, toutes les zones rurales aux Pays-Bas sont proches des villes. La définition et l'identification des zones rurales aux Pays-Bas posent donc un problème. La ruralité aux Pays-Bas est limitée : il n'existe pas de zone essentiellement rurale à un niveau d'agrégation spatiale élevé, comme au niveau provincial. Il y a cependant des provinces intermédiaires : ce sont des zones qui ne sont pas urbaines et pourraient passer pour présenter une certaine ruralité. Ces provinces intermédiaires sont comparées, dans l'Examen, à d'autres zones intermédiaires dans les pays de l'OCDE. Des zones rurales existent en revanche à des niveaux d'agrégation inférieurs, comme à l'échelle de la municipalité. Environ 15 % des municipalités néerlandaises sont rurales et elles représentent 7 % de la population nationale et 30 % de la surface. Dans le présent Examen, les zones rurales seront examinées tant à des niveaux d'agrégation relativement élevés (les provinces intermédiaires aux Pays-Bas) qu'à des niveaux inférieurs (les municipalités rurales).

… sans toutefois dépendre des zones urbaines…

Les zones rurales aux Pays-Bas sont relativement autonomes à bien des égards : leurs économies ont une orientation assez locale et elles offrent de nombreuses opportunités en matière de commerces, de loisirs et d'accès aux services publics par rapport à d'autres zones rurales de l'OCDE. Parallèlement, leur indépendance *vis-à-vis* des zones urbaines tend à s'accroître. Les déplacements entre les zones rurales et urbaines ont considérablement augmenté ces dix dernières années, car la part de l'emploi agricole a très nettement diminué. La densité de la population et la vigueur du secteur agricole ont pu longtemps coexister grâce à un plan d'aménagement du territoire strict et centralisé. L'agriculture a eu un impact sur bien des paysages aux Pays-Bas qui sont appréciés et subissent actuellement des pressions provenant des demandes d'aménagement du territoire urbain.

… hétérogènes…

L'imbrication des zones rurales et des villes de leur région rend toute généralisation difficile sur les Pays-Bas ruraux ou la campagne néerlandaise, car les diverses zones rurales aux Pays-Bas sont différentes et posent des problèmes différents aux pouvoirs publics. Dans bien des cas, il faut se placer à un niveau d'agrégation assez faible pour comprendre les problèmes spécifiques locaux, car les disparités au sein d'une même région ou d'une province sont généralement aussi fortes que les différences entre régions et provinces.

… et posant relativement peu de problèmes économiques et sociaux.

Les zones rurales aux Pays-Bas ont enregistré de bonnes performances économiques. Les provinces intermédiaires ont un revenu relativement élevé (32 000 EUR par habitant en 2004), un faible chômage (environ 5 %) et présentent bien moins de problèmes sociaux que des zones similaires dans l'OCDE. Les conditions de vie y sont bonnes, on n'observe pas de dépeuplement et la qualité des services publics y est comparable à celle des zones urbaines aux Pays-Bas. Les différences économiques et sociales entre les régions aux Pays-Bas sont légères, sauf en ce qui concerne les dépôts de brevets. Le secteur agricole est important, mais les régions rurales ne dépendent pas de l'agriculture car il existe plusieurs autres secteurs développés. La détérioration des paysages ruraux et de la biodiversité suscite des inquiétudes. L'agriculture intensive, de même que les pressions urbaines, ont eu depuis plusieurs décennies un impact très net sur les paysages et la biodiversité.

Les évolutions futures accentueront les pressions sur l'aménagement du territoire…

Les évolutions futures accroîtront la demande de zones rurales. D'après de nombreux scénarios, la population néerlandaise va continuer de croître, ce qui aura pour conséquence non seulement une plus forte urbanisation mais aussi une intensification de la demande déjà importante de logements et de loisirs à la campagne. L'augmentation des déplacements depuis les zones rurales va probablement se poursuivre, ce qui accentuera la congestion de l'infrastructure locale des transports. Les inquiétudes concernant le changement climatique exacerberont la demande de terrains pour la rétention d'eau et des sources d'énergie renouvelables. Les craintes relatives à la biodiversité entraîneront un gonflement de la demande de terrains réservés à la nature. La libéralisation des échanges commerciaux et la réforme de la politique agricole de l'UE pourraient

encore faire baisser le nombre d'agriculteurs, mais la réduction de terres agricoles qui en découlerait serait limitée. On peut donc prévoir que la demande de zones rurales sera plus forte que ce qui pourra effectivement se libérer. Des mécanismes devront être mis en place pour définir les priorités. Parallèlement, le défi consistera à augmenter les possibilités d'un aménagement du territoire multifonctionnel.

… et la nécessité d'une différenciation régionale.

La libéralisation des échanges commerciaux dans l'agriculture pourrait entraîner la disparition de l'agriculture, son passage à un stade supérieur, sa relocalisation et une régionalisation plus grande de son implantation. L'accentuation de l'hétérogénéité ethnique dans les villes pourrait modifier les demandes urbaines à l'adresse de l'agriculture. L'interdépendance des zones urbaines et rurales s'accentuera, ce qui donnera lieu à des perceptions différentes de ce que les zones rurales doivent apporter. Toutes ces évolutions auront un impact différent dans les diverses zones rurales aux Pays-Bas. La réactivité à ces modifications des contextes locaux exigera une différenciation régionale des politiques rurales.

Trois grands défis attendent les pouvoirs publics

Le premier défi consiste à prendre en compte les évolutions et les besoins locaux. Le deuxième à trouver des mécanismes qui facilitent les choix futurs en matière d'aménagement du territoire ; ces mécanismes doivent permettre de savoir dans quelle mesure il faut contenir les pressions urbaines et dans quelle mesure il faut hiérarchiser et éventuellement combiner les revendications foncières. Le troisième défi est de s'attaquer efficacement aux problèmes du paysage et de la biodiversité.

1) Décentralisation

L'hétérogénéité régionale a un impact sur la conception souhaitable de politiques rurales : ces politiques doivent être en mesure de prendre en compte la différenciation régionale à un niveau d'agrégation relativement bas. Les politiques génériques au niveau national, mais aussi au niveau des régions et des provinces, ne pourront rendre justice aux divers types de problèmes que l'on rencontre au niveau infrarégional. Les politiques rurales sont devenues plus axées sur les régions ces dix dernières années. Récemment, la politique rurale nationale est devenue plus décentralisée et plusieurs aides et programmes ont été intégrés dans un seul et même budget rural ; des contrats entre l'État et les différentes provinces ont été signés dans

lesquels des indicateurs de performances ont été énumérés. La nouvelle politique rurale marque, à bien des égards, un pas en avant qui aide les provinces à jouer un rôle constructif dans les politiques rurales. Elle regroupe les budgets pour les zones rurales qui étaient auparavant constitués par différentes aides spécifiques. Elle offre donc plus de souplesse budgétaire. Les budgets sont en principe définis pour sept ans, ce qui donne une stabilité financière et pourrait aboutir à un renforcement de la planification pluriannuelle du côté des provinces. Plusieurs instruments spécifiques de l'action publique ont été supprimés et ont été fusionnés dans le fonds de dotation des zones rurales. L'ensemble du processus préalable à la signature des contrats entre les administrations publiques nationale et provinciales a peut-être aussi permis de mettre explicitement en évidence le rôle important que pourraient jouer les provinces pour les zones rurales. Plusieurs problèmes persistent, cependant, en matière d'action publique.

Des craintes existent quant à la cohérence de l'action publique…

La philosophie du nouveau budget rural veut qu'il stimule des démarches de promotion du développement qui soient sur le long terme, cohérentes et globalisantes, et reposent sur des visions et des programmes sur plusieurs années concernant certaines zones plutôt que sur des projets. Dans bien des cas, ce n'est pas cette philosophie qui a guidé les provinces dans leur utilisation du budget rural. La coopération avec les parties prenantes dans l'élaboration des plans semble avoir été limitée ; pratiquement aucun plan ne peut être considéré comme le résultat de la coopération entre les provinces et des parties extérieures. Plusieurs programmes provinciaux pluriannuels de mise en œuvre de la politique rurale additionnent des projets sectoriels déjà existants, qui ne présentent pas d'interrelations claires.

Bien que des provinces tentent de mettre au point des plans intégrés et cohérents pour le développement de certaines zones, les ressources financières doivent venir dans bien des cas de directions sectorielles provinciales qui ont leurs propres contacts avec les ministères correspondants. Or, même si le plan est élaboré de façon intégrée, son application prend souvent un biais sectoriel. Des différences considérables de principes d'administration et de structures de responsabilité empêchent les provinces de concevoir des politiques rurales intégrées. Les sources de financement nationales susceptibles de servir aux politiques rurales peuvent prendre la forme d'une dotation globale, du budget rural et de plusieurs aides spécifiques qui obéissent tous à leurs propres règles de comptabilité budgétaire.

La prédominance persistante des approches sectorielles pourrait être liée à la cohérence relativement limitée des instruments de politique nationale pour les zones rurales. Bien que l'exposé des problèmes liés aux zones rurales dans le *Programme pour une campagne vivante* prenne en compte de nombreux aspects, les instruments pour réaliser ces objectifs ne sont pas intégrés dans le nouveau budget rural, mais continuent de faire partie des programmes sectoriels des différents ministères. Cela rend plus difficile pour les provinces de créer un budget rural cohérent. Cette complexité est accrue par les différents principes d'administration des programmes d'action publique qui ont un impact sur les zones rurales. À titre d'exemples de budgets qui auraient pu être intégrés dans le nouveau budget rural, on peut évoquer ceux de la politique de l'eau. Comme plusieurs fonctions spatiales peuvent être combinées dans les bassins hydrauliques, certains départements ont convenu dans le cadre de l'Accord national sur l'eau de financer les activités liées à l'eau qui tiendraient également compte de leurs objectifs sectoriels. L'intégration limitée des ressources consacrées à l'eau dans le budget rural va limiter l'aménagement régional dans les zones où il y a beaucoup d'eau.

… la capacité des provinces…

Les provinces ont longtemps joué un rôle moins important que l'État et les municipalités. L'administration publique néerlandaise est assez décentralisée par rapport aux autres pays de l'OCDE, mais ce sont les collectivités locales qui, aux Pays-Bas, ont le plus de responsabilités et de ressources infranationales : les ressources de l'ensemble des collectivités locales représentent huit fois celles de l'ensemble des provinces. Les douze provinces ont au total un personnel représentant environ 11 500 équivalents temps plein, soit en moyenne moins de 1 000 fonctionnaires à temps plein par province. Cela équivaut à 1.4 % de l'ensemble des emplois de la fonction publique néerlandaise. D'un point de vue international, les provinces néerlandaises ont peu de ressources. En moyenne, une province néerlandaise dépense 200 EUR par habitant ; il s'agit là de la plus faible dépense des administrations régionales au sein de l'UE15 (avec celle de la Belgique et de la Grèce). La taille des provinces est moyenne du point de vue de l'OCDE.

On peut éprouver des craintes quant aux capacités des provinces. La question a été soulevée de savoir si la culture et les capacités des provinces leur permettent de jouer un rôle actif dans l'aménagement régional. La culture au sein de l'appareil administratif provincial s'est caractérisée par son aversion au risque, la priorité étant accordée à l'élaboration de politiques et de règles opérationnelles, plutôt qu'à la conception de processus et de produits. D'après certains observateurs, il faudrait changer délibérément cette culture pour que les provinces deviennent plus entreprenantes. La capacité à mettre en œuvre des

politiques à l'échelle régionale peut aussi être améliorée. On a pu évoquer un manque de compétences et de connaissances concernant la gestion de processus et de projets, le développement de marchés, les finances et la trésorerie, la négociation et l'ingénierie. Bien que de nombreuses provinces soient confrontées aux mêmes problèmes en matière de gestion des processus, il n'y a guère de coordination interprovinciale.

… et la marge de manœuvre des provinces

Les provinces ont exprimé leurs inquiétudes quant à leur marge de manœuvre. Les autorités provinciales estiment de manière générale que l'introduction d'un nouveau budget rural ne leur a pas permis de bénéficier vraiment de plus d'autonomie en matière de politique rurale. Les instruments qui peuvent être financés par le budget rural s'accompagnent de bien des réglementations, par exemple pour les Réseaux écologiques nationaux et les programmes environnementaux. Les règles d'acquisition foncière pour les Réseaux écologiques nationaux sont jugées complexes et opaques.

La relation entre les administrations publiques nationale et provinciales est bien illustrée par les contrats entre ces administrations, dans le cadre desquels les responsabilités nationales sur le plan de la politique rurale ont été déléguées. Il existe des critères très précis, des instruments prescrits et un mécanisme de sanction. La politique rurale nationale décrit précisément de quelle manière les provinces doivent atteindre leurs objectifs pour ce qui est de la biodiversité : elles doivent acheter des terrains et les transformer en « espace naturel ». Une contrainte supplémentaire est que le prix des terrains ne doit pas dépasser leur valeur marchande. Cela ne laisse guère de marge de manœuvre aux provinces ou de possibilité de concevoir des politiques intégrées et de s'adapter aux circonstances locales et régionales. Les provinces semblent servir d'agents de l'État chargés de mettre en œuvre les politiques nationales en vue d'instaurer un Réseau écologique national.

Il faudrait augmenter la marge de manœuvre des provinces…

La politique rurale nationale devrait se préoccuper d'objectifs de haut niveau plutôt que des instruments de l'action publique. Ces objectifs de haut niveau ne sont, cependant, dans bien des cas pas définis avec précision. L'État et les provinces doivent faire clairement savoir quels sont les objectifs de haut niveau à atteindre ; et les provinces doivent bénéficier de suffisamment de marge de manœuvre pour appliquer ces politiques. La mise en œuvre peut consister à acquérir des espaces naturels, mais peut aussi se faire – selon les circonstances locales – d'autres manières.

… renforcer leur capacité…

Les politiques rurales doivent être plus ouvertes et favoriser davantage l'expérimentation. Les contrats entre l'administration publique nationale et les provinces ont un caractère plutôt « fermé » : ils sont détaillés et assortis de mécanismes de contrôle étendus et de sanctions quand les objectifs n'ont pas été atteints. Une plus grande ouverture aurait encouragé le processus d'apprentissage institutionnel. Les provinces doivent être stimulées et soutenues dans leur recherche de pratiques et de politiques susceptibles de favoriser le développement rural dans leurs zones rurales. Le ministère de l'Agriculture, de la Nature et de la Qualité de l'Alimentation doit soutenir généreusement les projets pilotes ou les expériences en plus de ceux qui ont été convenus par voie contractuelle.

Les bons résultats doivent être récompensés. Les contrats de l'État avec les provinces prévoient des mécanismes de sanction, mais il est peu probable qu'ils proposent beaucoup d'incitations aux politiques qui s'efforcent de s'attaquer aux problèmes des zones rurales. Il faut réfléchir aux moyens de récompenser les provinces pour des initiatives publiques innovantes concernant certaines zones en s'appuyant sur des indicateurs de production significatifs. L'État doit rester un partenaire contractuel digne de confiance. L'interruption d'un contrat dans la première année alors qu'il a une durée de sept ans n'est pas un très bon signe. L'État doit s'en tenir à ses engagements financiers.

… et rendre plus cohérente la politique rurale nationale.

Une politique rurale nationale doit faire savoir clairement dans quelle mesure les zones rurales sont affectées par les politiques nationales dans les domaines du développement régional, de l'innovation, de l'énergie renouvelable, de l'eau, des services sociaux et autres qui pourraient concerner les zones rurales. Dans tous ces domaines, on peut s'attendre à ce que les politiques nationales aient un impact sur les zones rurales. Une politique rurale nationale doit faire ressortir clairement quelles sont les différentes dispositions nationales en matière d'action publique qui ont un impact sur les zones rurales. Le prochain document sur la politique rurale devrait comporter une vue d'ensemble des fonds publics nationaux accordés aux zones rurales, comme c'est déjà le cas pour les zones urbaines.

2) Aménagement de l'espace rural

Les Pays-Bas ont une longue tradition d'aménagement du territoire. La séparation nette entre les zones urbaines et rurales a constitué un objectif central

dans l'aménagement du territoire de ces 50 dernières années. Ces politiques ont été mises en œuvre à l'issue de décisions nationales sur les lieux où pouvaient se dérouler les activités de construction, ce qui a donné lieu à un plan d'occupation des sols. Ces politiques d'aménagement du territoire ont été pendant longtemps couronnées de succès. Les zones rurales ont été dans une certaine mesure maintenues ouvertes et préservées des activités urbaines. Ces dix dernières années cependant, la pratique met un terme à cette séparation de longue date entre les zones urbaines et rurales. Les frontières des villes atteignent les limites des villes avoisinantes, créant une vaste zone urbaine imbriquée et ininterrompue, en particulier le Randstad, mais aussi dans le Brabant et d'autres provinces. De plus, certaines indications donnent à penser que ces politiques strictes d'aménagement du territoire ont eu un impact négatif sur le bien-être de la population. La rareté des terrains pour les logements a peut-être fait grimper les prix de l'immobilier aux Pays-Bas. Les politiques d'aménagement du territoire ont gommé, ces dix dernières années, la séparation conceptuelle entre zones urbaines et rurales. Elles se sont par ailleurs décentralisées. Au lieu de suivre des orientations nationales, les autorités ont délégué ces tâches aux provinces et l'État considère très certainement que son rôle se limite à décider des conditions de base dans des domaines comme l'aménagement du territoire. Parallèlement, la priorité est passée de l'application de restrictions à la promotion de transformations. Le défi de ces nouvelles politiques consistera à proposer des mécanismes clairs de décision concernant l'aménagement du territoire dans les zones rurales et à les mettre en œuvre.

La décentralisation des politiques en fonction des zones favorise des solutions adaptées localement…

La province peut jouer un rôle essentiel dans les politiques d'aménagement du territoire. Elle peut avoir une vision sur une zone qui va au-delà des frontières administratives (municipales) et combine plusieurs fonctions, ajoutant ainsi de la valeur et apportant si nécessaire des contreparties. D'autres intervenants peuvent aussi avoir un rôle moteur en définissant leur vision de l'aménagement du territoire. Le défi consistera à faire intervenir plusieurs administrations locales et d'autres parties prenantes locales pour s'assurer d'un soutien local, par exemple par une vision commune portée sur certaines zones. Des plans spécifiques à certaines zones, conçus avec le soutien de toutes les parties prenantes locales, pourraient apporter d'autres solutions par rapport aux processus d'aménagement itératifs classiques, qui sont nécessaires d'après certains observateurs pour remédier l'efficacité décroissante des instruments de l'action publique. La mise en œuvre de visions concernant l'aménagement du territoire exige un bon fonctionnement des marchés fonciers et des dispositifs de

gouvernance. Plusieurs difficultés se posent dans ce domaine, cependant. Les problèmes fondamentaux pour le marché foncier sont la cherté des terrains et les bénéfices exceptionnels provenant de la reconversion des terres.

… mais leur application est plus difficile compte tenu de la cherté des terrains…

Les prix des terres agricoles ont augmenté ces dix dernières années, en particulier près des villes. Le prix moyen des terres agricoles a doublé de 1995 à 2001, mais il s'est stabilisé ces dernières années. Dans les zones rurales proches des villes, la distance par rapport aux zones rouges détermine dans une large mesure le prix des terres agricoles : elle explique 76 % de la différence entre les prix des terres agricoles près des villes. La cherté des terrains pourrait aussi ralentir la mobilité foncière, et par conséquent le remembrement et les gains de productivité dans l'agriculture. En raison de la règle fiscale qui autorise les agriculteurs à réinvestir les revenus provenant de la vente de terrains sans être imposés, la cherté des prix des terrains autour des villes se répercute sur tous les Pays-Bas, car de nombreux agriculteurs de zones urbaines décident de réinvestir dans les autres zones aux Pays-Bas. Une part du marché du foncier agricole est dans la pratique devenue un marché pour les droits de construction.

… et les revenus des municipalités provenant d'une reconversion des terres ont baissé.

Chaque année, on assiste à une quantité considérable de reconversion des terres. Ces dix dernières années, 80 000 à 100 000 hectares ont été vendus chaque année. Bien que la proportion dans laquelle ces terres changent de destination n'apparaisse pas très clairement, les estimations suggèrent entre 18 % à 32 %. L'augmentation de la valeur résiduelle en raison de la reconversion des terres s'établit à environ 1.4 milliard EUR par an. Les propriétaires fonciers tirent parti de cette reconversion : il s'agit d'agriculteurs, de promoteurs immobiliers et d'autorités locales. Des signes indiquent que les agriculteurs attendent pour vendre des terres de pouvoir en tirer des bénéfices exceptionnels. Les municipalités ont réussi depuis longtemps à capter une bonne part de ces bénéfices exceptionnels en menant une politique foncière active. De nombreuses autorités locales disposent d'une société d'aménagement foncier qui achète des terres agricoles, les viabilise en vue de constructions et les vend à des entrepreneurs, construit elle-même ou combine les deux. Les autorités locales peuvent ainsi profiter de l'augmentation de la valeur des terres due à leur reconversion. Les municipalités occupent cependant une position moins dominante sur le marché foncier, malgré les instruments dont elles disposent

pour acheter du terrain. Depuis les années 90, les intervenants privés, comme les promoteurs immobiliers, savent de mieux en mieux anticiper les changements dans le plan d'occupation des sols et les reconversions de terres.

Les municipalités peuvent récupérer une partie des gains exceptionnels de la reconversion des terres. Toutefois, les instruments actuels pour ce faire ne sont pas adaptés. Les coûts qu'ils permettent de couvrir sont assez limités. Pour remédier à ces inconvénients, une Loi d'exploitation foncière a été proposée qui entrera en vigueur en 2008. La Loi d'exploitation foncière marque un pas en avant. Elle permet aux municipalités de mieux recouvrer les coûts qu'elles supportent dans le cadre de l'aménagement foncier. Plusieurs problèmes vont cependant persister concernant le recouvrement des coûts au niveau régional. Certains craignent qu'il reste difficile de promouvoir des zones vertes ou des installations de loisirs en dehors des zones d'aménagement foncier.

Les gains exceptionnels provenant de la reconversion des terres pourraient être réduits…

Bien qu'une contrepartie puisse être prévue pour ceux dont la propriété s'est dépréciée en raison d'une décision d'aménagement du territoire, cette contrepartie n'est pour l'instant pas payée par ceux qui profitent de cette décision. Il serait judicieux de récupérer une partie de la différence entre le prix avant et après le changement du plan d'occupation des sols. Cela peut se faire de plusieurs manières.

… par un plan d'occupation des sols local plus ciblé…

Les municipalités devraient faire preuve de plus de souplesse quant aux lieux dont la fonction doit être changée ; et en faire dépendre le prix auquel les propriétaires veulent proposer les terres. Le plan d'occupation des sols aux Pays-Bas a longtemps été un processus centralisé de haut en bas dans le cadre duquel des zones assez génériques sont destinées à devenir « rouges » ou « vertes ». Cette approche centrale a changé. Les administrations publiques locales et régionales disposent à présent de plus de liberté pour décider de l'aménagement du territoire. Ce changement de démarche permet aux administrations locales d'être moins génériques dans leur approche du plan d'occupation des sols. Au lieu de décider de ce plan avant de commencer les négociations sur une vente foncière, elles pourraient essayer de changer les fonctions spatiales des zones où les propriétaires fonciers veulent conclure

une vente à un prix raisonnable. Cela peut être déterminé dans un système d'enchères foncières, dans le cadre duquel les propriétaires fonciers peuvent communiquer sous pli scellé à l'administration les offres auxquelles ils souhaitent vendre leurs terrains en vue de projets de construction. Le ministère de l'Agriculture, de la Nature et de la Qualité de l'Alimentation doit inciter les administrations publiques à créer des projets pilotes concernant ces systèmes d'enchères foncières.

… et par une redevance de reconversion des terres.

Comme ces systèmes d'enchères foncières ne pourront pas fonctionner dans toutes les conditions (si le nombre de vendeurs ou de parcelles est faible), un instrument plus générique peut être introduit pour récupérer une partie des bénéfices exceptionnels. Une redevance locale de reconversion des terres est un instrument de ce type. Il s'agit d'un impôt que doit payer un propriétaire foncier quand ses terres changent de fonction ; l'impôt correspondrait à une partie des bénéfices provenant de l'aménagement du territoire : autrement dit, il s'agirait de la différence entre la valeur avant et après la décision d'aménagement du territoire. Un des avantages d'une redevance de reconversion des terres sera de faire baisser la valeur optionnelle des terres ; les agriculteurs restants pourront ainsi acheter des terres agricoles plus facilement auprès de ceux qui arrêtent, et la mobilité foncière sera augmentée avec des gains d'efficience à la clé. Cela accroîtra aussi l'efficience de l'acquisition de terres par l'administration publique au service de la structure écologique principale du territoire.

Il faudrait recourir plus souvent aux signaux donnés par les prix et à une analyse coûts-avantages…

La difficulté de la combinaison des revendications foncières réside dans l'impossibilité actuelle de les évaluer les unes par rapport aux autres (et par rapport à la solution de ne rien faire). À cette impossibilité s'ajoute une complication : le plan d'occupation des sols, qui donne lieu à des coûts d'opportunité différents. Le recours aux signaux donnés par les prix devrait aboutir à un mode de décision qui prend en compte les coûts et les valeurs attendues, entraînant une amélioration du résultat. Comme le système peut présenter des inconvénients, il serait conseillé de commencer par quelques projets pilotes pour vérifier si la prise en compte des signaux donnés par les prix dans les processus de décision fonctionne dans la pratique. L'analyse coûts-avantages du paysage et de la nature pourrait être appliquée plus souvent. Le ministère de l'Agriculture, de la Nature et de la Qualité de l'Alimentation a pris

des initiatives dans ce domaine, mais il y a encore à faire. Les instruments doivent être affinés et appliqués aux futures acquisitions foncières pour la structure écologique principale du territoire. À cet effet, il conviendrait de renforcer les compétences au sein du ministère et des administrations publiques provinciales en matière d'analyse coûts-avantages et de son application à la nature et au paysage.

… ainsi qu'à des mécanismes de gouvernance qui stimulent l'interaction entre les villes et les zones rurales.

L'interaction entre les zones rurales et les zones urbaines amènera à mieux connaître et mieux comprendre les différentes caractéristiques de ces zones et le rôle qu'elles peuvent jouer les unes pour les autres. Le mécanisme de gouvernance des régions-villes pourrait être renforcé. Il existe actuellement huit régions-villes. Il s'agit de structures intercommunales de coopération, qui généralement fonctionnent bien quand les intérêts sont semblables, mais moins bien quand les intérêts sont différents. Plusieurs de ces régions-villes comptent une forte proportion de municipalités rurales. Ainsi, les externalités des politiques des villes ou des collectivités locales pourraient être internalisées.

Des liens devraient être établis entre politiques urbaines nationales et politiques rurales nationales. Une politique nationale existe non seulement pour les zones rurales, mais aussi pour les zones urbaines. La politique urbaine nationale a souvent été critiquée pour ne pas prendre en compte toute la zone fonctionnelle d'une ville, à savoir la région-ville. Non seulement ce serait logique du point de vue de la dynamique urbaine, mais cela rendrait aussi justice à la relation entre les villes et leurs périphéries. Cela pourrait contribuer à synchroniser les dispositifs de la politique urbaine nationale et de la politique nationale rurale à partir de 2014.

3) Politiques relatives au paysage et à la biodiversité

Il faut améliorer les paysages ruraux et la biodiversité non seulement dans des zones désignées…

Les paysages ruraux et la biodiversité subissent l'impact de l'agriculture intensive et de l'urbanisation. La tendance en matière d'action publique a longtemps consisté à séparer nature et agriculture ; c'étaient aux terres agricoles qu'il revenait d'apporter à la production économique et à la nature des biens non marchands, comme la biodiversité et les paysages. Cette séparation nette a pris fin, mais la tendance persiste à considérer que les objectifs de biodiversité ne

peuvent être atteints que dans les espaces naturels, plutôt que dans toutes les zones. De nombreuses opportunités existent pour combiner différentes fonctions d'aménagement du territoire qui ont des effets bénéfiques pour le paysage et la biodiversité. Des intervenants locaux peuvent jouer un rôle important dans l'amélioration de la biodiversité, mais des progrès sont nécessaires à cet égard, par exemple en actualisant les concepts d'aménagement du territoire et en attribuant plus d'espace aux loisirs verts.

Les administrations publiques régionales et nationales ne doivent pas seulement se concentrer sur la structure écologique principale du territoire pour améliorer la biodiversité aux Pays-Bas, mais être conscientes du potentiel de tous les autres domaines qui pourraient servir des objectifs de biodiversité. Pour favoriser une telle approche, les objectifs de biodiversité dans les politiques rurales doivent prendre en compte l'accroissement de la structure écologique principale, mais plutôt en termes de résultats, à savoir la réduction des menaces d'extinction à des niveaux de flore, de faune et d'habitats spécifiquement décrits. Ces objectifs peuvent être par exemple pris en compte après l'évaluation à mi-parcours du budget rural.

… mais aussi, chaque fois que possible dans les zones rurales.

Des indications montrent que des grandes exploitations agricoles pourraient en principe produire en respectant tout autant l'environnement que des fermes plus petites, mais qu'elles tendent à homogénéiser les paysages régionaux. Les politiques ne devraient pas dépendre de la taille de la ferme. La concentration du marché dans l'industrie agro-alimentaire risque d'empêcher la diversification de l'agriculture. Il s'agit là d'un problème à traiter par la politique de la concurrence. En général, la politique de la concurrence tend à se concentrer sur les consommateurs plutôt que sur le bien-être des producteurs. Cela peut cependant occulter la dynamique du pouvoir du marché dans le secteur alimentaire qui est exercé du côté de l'acheteur au service d'une guerre des prix destinée à augmenter sa part de la clientèle.

La modulation volontaire n'est pas utilisée aux Pays-Bas, alors que les problèmes rencontrés par les autorités dans le domaine de la biodiversité pourraient l'exiger. La part du soutien au titre du deuxième pilier de la PAC, de même que le recours à des systèmes agro-environnementaux, sont relativement limités aux Pays-Bas. Bien que l'absence relative de problèmes de développement rural aux Pays-Bas par rapport à d'autres pays de l'UE puisse expliquer cette faible part des paiements de soutien au titre du Pilier 2, il pourrait être judicieux d'utiliser plus fréquemment ce mécanisme pour favoriser le recours aux systèmes agro-environnementaux.

Les mécanismes environnementaux pourraient résoudre des problèmes d'agence…

La principale difficulté des contrats réside en général dans l'asymétrie des informations : les propriétaires fonciers sont mieux informés des coûts sur place et des impacts locaux que le ministère accordant les contrats. Cela génère plusieurs problèmes d'incitation. Un de ces problèmes est l'antisélection : les agriculteurs qui exercent déjà leur activité en respectant l'environnement seront davantage incités à participer à ces programmes car leurs coûts pour s'y conformer seront moindres. Ils devront effectuer des changements moins nombreux et importants, ce qui aboutira à des avantages supplémentaires relativement limités sur le plan de l'environnement et à une sur-rémunération des coûts de mise en conformité. Les enchères pour la préservation de la nature se sont révélées efficaces dans plusieurs cas, par exemple aux États-Unis et en Australie. Les enchères dans le cadre du Conservation Reserve Program (CRP) aux États-Unis, notamment, ont fortement contribué à la réalisation de divers objectifs environnementaux. En Australie, le programme Auction for Landscape Recovery (ALR) a été deux à trois fois plus efficient qu'un système de prix uniforme. Des expériences de ce genre devraient être lancées aux Pays-Bas. La décentralisation peut rendre justice aux différences régionales et par conséquent mieux cibler les programmes environnementaux, par exemple selon le style d'agriculture. En Autriche, l'expérience montre que les programmes locaux peuvent compléter les programmes nationaux et de l'UE. Leur contribution pourrait donc apparaître comme un affinement de l'instrument de l'action publique, ayant l'avantage de prendre en compte les préférences locales en matière de résultats environnementaux.

… et il faudrait encourager un financement plus local et privé

Les administrations publiques locales aux Pays-Bas n'ont dans bien des cas pas beaucoup de marge de manœuvre pour générer des revenus supplémentaires en vue de financer des programmes locaux destinés à améliorer la biodiversité. La redevance locale de reconversion des terres, recommandée dans le présent Examen, devrait leur dégager un peu de marge de manœuvre. Les obstacles à une généralisation de la taxe locale sur le tourisme devraient être éliminés. Au vu de la réforme de la Politique agricole commune, les critères de financement municipaux devraient être réexaminés pour ce qui est des fonctions exercées par les municipalités rurales au profit des habitants des villes.

Le secteur privé tire dans bien des cas parti de paysages idylliques et d'une nature bien préservée. Dans certains cas, ces aménagements sont indispensables pour leurs activités commerciales, comme dans le secteur du tourisme. Les intervenants du secteur privé financent par conséquent parfois la préservation et l'entretien de ces aménagements ruraux. C'est par exemple le cas en Autriche, où le secteur du tourisme paie pour l'entretien du paysage agricole. Bien que peu de municipalités aux Pays-Bas dépendent autant des activités touristiques, les collectivités locales pourraient décider de réserver une part des taxes locales sur le tourisme à l'entretien de la nature et des paysages.

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Conclusies en Aanbevelingen

Rurale gebieden in Nederland: dichtbij steden…

Nederland is zeer verstedelijkt en zeer dichtbevolkt. 85% van de Nederlandse bevolking woont in stedelijke gebieden; dit is het grootste aandeel in de OESO. Bovendien is Nederland het tweede meest dichtbevolkte land in de OESO. Dit betekent dat elk ruraal gebied in Nederland dichtbij één of meerdere steden ligt. Dit maakt het definiëren en identificeren van rurale gebieden in Nederland uitdagend. De gradatie van ruraliteit in Nederland is beperkt: er zijn geen "overwegend rurale gebieden" op een hoog aggregatieniveau, zoals het niveau van de provincies. Er zijn echter intermediaire provincies: dit zijn gebieden die niet overwegend stedelijk zijn en die tot op zekere hoogte beschouwd kunnen worden als ruraal. Deze intermediaire provincies worden in deze studie vergeleken met andere intermediaire regio's in OESO-landen. De intermediaire provincies in Nederland zijn Groningen, Friesland, Drenthe, Zeeland en Flevoland. Er zijn rurale gebieden op lagere aggregatieniveaus, zoals die van de gemeente. Ongeveer 15% van de Nederlandse gemeenten zijn rurale gemeenten; zij omvatten 7% van de nationale bevolking en 30% van de oppervlakte. Rurale gebieden zullen in deze studie worden beschouwd zowel op relatief hoog aggregatieniveau (de intermediaire provincies in Nederland), als op een lager aggregatieniveau (de rurale gemeenten).

… maar niet afhankelijk van stedelijke gebieden…

Rurale gebieden in Nederland zijn in veel opzichten behoorlijk autonoom: hun economie is lokaal geörienteerd en ze bieden veel gelegenheden tot winkelen, recreatie en gebruik van lokale dienstverlening, in vergelijking met veel andere rurale gebieden in de OESO. Tegelijkertijd wordt de onderlinge afhankelijkheid met stedelijke gebieden steeds groter. Pendelbewegingen tussen rurale en stedelijke gebieden zijn de afgelopen jaren substantieel toegenomen, terwijl het aandeel van werkgelegenheid in de landbouw is afgenomen. Een grote bevolkingsdichtheid en een sterke landbouwsector hebben lange tijd naast elkaar kunnen bestaan dankzij restrictieve ruimtelijke ordering.

… heterogeen van aard…

De relaties tussen rurale gebieden met steden in de regio maken het moeilijk om te generaliseren over ruraal Nederland. De diverse rurale gebieden in Nederland kennen verschillende beleidsuitdagingen. In veel gevallen is het perspectief van een laag aggregatieniveau nodig om de lokaal specifieke problemen te begrijpen, aangezien de variatie binnen een provincie vaak even groot is als de verschillentussen provincies.

…en met relatief weinig economische en sociale problemen.

Rurale gebieden in Nederland hebben economisch goed gepresteerd. Intermediaire provincies hebben een relatief hoog inkomen, lage werkloosheid (ongeveer 5%) en ze ontberen de sociale problemen die veel vergelijkbare gebieden in de OESO kenmerken. De levenskwaliteit is goed, er is geen ontvolking en het niveau van publieke dienstverlening is vergelijkbaar met die in stedelijke gebieden in Nederland. De economische en sociale verschillen in Nederland zijn bescheiden. Er is een sterke landbouwsector, maar rurale gebieden zijn niet afhankelijk van landbouw aangezien er verscheidene andere ontwikkelde sectoren zijn. Er is echter bezorgdheid over verslechtering van rurale landschappen en biodiversiteit. Zowel intensieve landbouw en verstedelijkingsdruk hebben de afgelopen decennia een duidelijke invloed uitgeoefend op landschappen en biodiversiteit.

Toekomstige ontwikkelingen zullen stedelijke druk op rurale gebieden vergroten…

Toekomstige ontwikkelingen zullen de vraag naar rurale grond vergroten. De Nederlandse bevolking zal doorgaan met groeien in verschillende toekomstscenario's, wat niet alleen leidt tot meer verstedelijking, maar ook tot intensivering van reeds grote vraag naar landelijk wonen en recreatiemogelijkheden. De pendelbewegingen vanuit rurale gebieden zullen waarschijnlijk blijven toenemen, wat tot grotere belasting van lokale transportinfrastructuur zal leiden. Bezorgdheid over klimaatveranderingen zal leiden tot meer behoefte aan land als overloopgebied. Handelsliberalisatie en hervorming van het Gemeenschappelijk Landbouwbeleid zouden kunnen leiden tot vermindering van het aantal boeren, maar de reductie van landbouwgrond zal beperkt blijven. Het laat zich aanzien dat er meer wensen over landgebruik zullen

zijn dan dat er land beschikbaar komt. Er zullen dus mechanismen nodig zijn om prioriteiten te stellen en de mogelijkheden tot multifunctioneel landgebruik te vergroten.

… evenals de noodzaak tot meer regionale differentiatie.

Handelsliberalisatie in landbouw zou kunnen leiden tot verdwijning, opschaling, herlocalisatie en meer regionale inbedding van landbouw. Toegenomen ethnische heterogeniteit in steden zou de stedelijke vraag naar landbouw kunnen veranderen. De groeiende interdependentie tussen stedelijke en rurale gebieden zal toenemen, wat zal kunnen leiden tot veranderende beelden over datgene waarin rurale gebieden moeten voorzien. Deze ontwikkelingen zullen verschillend uitwerken in de diverse rurale gebieden in Nederland. Regionale differentiatie in beleid is nodig om goed op deze veranderende lokale context te kunnen inspelen.

Er zijn drie belangrijke beleidsuitdagingen:

Er zijn drie beleidsuitdagingen, gezien de huidige en mogelijke toekomstige ontwikkelingen. De eerste uitdaging is om lokale behoeften en ontwikkelingen in beschouwing te nemen. De tweede uitdaging is het vinden van mechanismen die keuzes over toekomstig landgebruik kunnen faciliteren; deze mechanismen zullen prioriteiten moeten kunnen stellen in landgebruik en combinatie van landgebruik moeten kunnen bevorderen. De derde uitdaging is effectief om te gaan met landschaps- en biodiversiteitsvraagstukken.

1) Decentralisatie

Het plattelandsbeleid zal in staat moeten zijn om regionale differentiatie op een relatief laag aggregatieniveau in beschouwing te nemen. Generiek beleid zal niet in staat zijn om recht te doen aan het gevarieerde patroon van beleidsuitdagingen dat is gevonden op het sub-regionale niveau. Het plattelandsbeleid de afgelopen jaren gedecentraliseerd en meer plaatsgeörienteerd. Diverse specifieke uitkeringen en regelingen zijn geïntegreerd in het investeringsfonds voor het landelijk gebied (ILG) en zijn er convenanten afgesloten tussen de nationale regering en de provincies waarin prestatie-indicatoren zijn opgenomen. Dit nieuwe plattelandsbeleid helpt provincies om een constructieve rol te spelen in plattelandsbeleid. Het ILG geeft meer budgetflexibiliteit en is in principe gegarandeerd voor een periode van zeven jaar, hetgeen financiële stabiliteit vergroot en zou kunnen leiden tot meer meerjaren planning door provincies. Het afsluiten van convenanten heeft mogelijk de aandacht vergroot voor de rol van provincies. Diverse beleidsuitdagingen blijven echter bestaan.

Meer aandacht voor de coherentie van beleid…

Het ILG wordt verondersteld een stimulans te zijn voor een ontwikkelingsgerichte lange termijn-aanpak, coherent, holistisch, en gebaseerd op visies en programma's in plaats van projecten. In veel gevallen is het ILG niet gebruikt om deze filosofie te implementeren. Lokale "stakeholders" lijken beperkt betrokken te zijn geweest bij het opstellen van de plannen. Diverse provinciale ontwikkelingsplannen kunnen worden beschouwd als de optelsom van al bestaande sectorale projecten, waartussen het onderlinge verband niet altijd duidelijk is.

Provincies proberen tot integrale en coherente gebiedsontwikkeling te komen, maar hun financiele middelen komen vaak van sectorale directies binnen provincies die hun eigen contacten hebben met sectorale ministeries. Alhoewel planontwikkeling integraal tot stand gekomen kan zijn, krijgt de implementatie daardoor doorgaans vaak een sectorale draai. Aanzienlijke verschillen in sturingsfilosofiëen en verantwoordingsstructuren hinderen provincies in het ontwikkelen van integral plattelandsbeleid. De diverse nationale geldstromen voor plattelandsbeleid (algemene uitkering, ILG en specifieke uitkeringen) hebben allemaal hun eigen verantwoordingsregels.

Deze sectorale aanpak heeft mogelijk te maken met gebrek aan coherentie in national beleid. Alhoewel de *Agenda voor een vitaal platteland* veel beleidsuitdagingen presenteert, zijn de instrumenten voor veel van deze beleidsdoelen niet opgenomen in het ILG; zij blijven deel uitmaken van sectorale programma's van verschillende ministeries. Dit maakt het moeilijker voor provincies om een coherent plattelandsbudget op te stellen. Deze complexiteit wordt verder vergroot door de verschillende sturingsfilosofieën van beleidsprogramma's die een impact hebben op rurale gebieden. Voorbeelden van budgetten die geïntegreerd hadden kunnen worden met het ILG zijn die voor waterbeleid. In het Nationaal Bestuursakkoord Water hebben verschillende ministeries afgesproken om waterbeleid te financieren met meeneming van eigen sectorale doelen. De beperkte integratie van deze voorgestelde gelden voor water in het ILG compliceert gebiedsontwikkeling in waterrijke gebieden.

… capaciteit van provincies…

Provincies hebben minder macht dan de centrale overheid en gemeenten. De Nederlandse overheid is tamelijk gedecentraliseerd in vergelijking met andere OESO-landen, maar gemeenten hebben de meeste sub-nationale bevoegdheden en middelen: hun inkomstenbronnen zijn ongeveer acht keer zo groot als die van provincies. De twaalf provincies hebben een totale staf van ongeveer 11 500 voltijdseenheden, gemiddeld nauwelijks 1 000 voltijdsambtenaren per provincie.

Dit staat gelijk aan 1,4% van de totale werkgelegenheid in de Nederlandse publieke sector. Provincies hebben weinig financiële middelen bezien vanuit internationaal perspectief: EUR 200, per inwoner; dit is het laagste uitgavenniveau van regionale overheden in de EU15 (samen met België en Griekenland). De schaalgrootte van provincies is gemiddeld vanuit OESO-perspectief.

Er zijn zorgen over de capaciteit van provincies. De vraag is opgeworpen of de cultuur en implementatiecapaciteit van provincies passend zijn voor een actieve rol in gebiedsontwikkeling. De cultuur binnen provincies is gekenmerkt als risicomijdend met een focus op de productie van beleid en operationele regels, in plaats van het ontwerpen van processen en producten. Volgens sommige waarnemers moeten provincies een actieve cultuurverandering ondergaan om ondernemender te worden. Ook het implementeren van gebiedsgericht beleid kan beter. Er lijkt een gebrek aan expertise over projectmanagement, marktontwikkeling, financiën en treasury, onderhandeling en bouwkunde. Alhoewel veel provincies dezelfde uitdagingen kennen als het gaat om procesmanagement, is er weinig inter-provinciale coordinatie van de grond gekomen.

... en provinciale manoevreerruimte.

Provincies hebben hun bezorgdheid geuit over hun manoevreerruimte die nauwelijks zou zijn toegenomen door het ILG. Inderdaad zijn de instrumenten onder het ILG onderhevig aan uitgebreide regulering, bijvoorbeeld met betrekking tot de ecologische hoofdstructuur (EHS) en de programma's voor natuurbeheer door boeren en andere private landeigenaren. Regels met betrekking tot landverwerving in het kader van de EHS worden als complex en intransparant beschouwd.

De convenanten tussen de nationale overheid en provincies hebben een nogal "gesloten" karakter: ze zijn gedetailleerd, hebben uitgebreide controlemechanismen en beloven sancties als doelen niet zijn bereikt. Het nationale plattelandsbeleid beschrijft nauwkeurig hoe provincies hun doelen moeten bereiken op het gebied van biodiversiteit: ze moeten land verwerven en dit omzetten in natuurgebied. Een aanvullende conditie is dat de verwervingsprijs van land niet hoger mag zijn dan de marktprijs. Dit geeft provincies niet veel manoevreerruimte om integraal beleid te ontwikkelen dat is afgestemd op regionale en lokale condities. Provincies lijken te worden gebruikt als agent van het rijk om nationaal beleid te implementeren, zoals de ecologische hoofdstructuur.

Manoevreerruimte voor provincies zou moeten worden vergroot…

Nationaal plattelandsbeleid zou zich meer moeten bekommeren om strategische doelen dan om de beleidsinstrumenten. Deze strategische doelen zijn momenteel in veel gevallen niet precies gedefinieerd. Centrale overheid en provincies zouden duidelijk moeten maken wat de strategische doelen zijn, en provincies zouden voldoende ruimte moeten hebben om beleid te implementeren. Implementatie zou kunnen bestaan uit landverwerving en natuurcreatie, maar zou ook – gezien de lokale omstandigheden – op andere manieren kunnen worden bereikt.

… de capaciteit versterkt…

Plattelandsbeleid zou een opener karakter moeten hebben en meer ruimte moeten laten voor experimenten. Opener geformuleerde convenanten zouden het institutionele leerproces hebben vergroot. Provincies zouden moeten worden gestimuleerd in hun zoektocht naar beleid dat plattelandsontwikkeling versterkt. Het Ministerie van Landbouw, Natuur en Voedselkwaliteit zou ruimhartig moeten zijn in het ondersteunen van pilots in aanvulling op de reeds afgesproken experimenten in de convenanten.

Goede beleidsresultaten zouden beloond moeten worden. De convenanten van de nationale overheid met provincies bevatten weinig positieve prikkels. Er zouden ideëen moeten worden ontwikkeld over hoe provincies beloond zouden kunnen worden voor innovatieve initiatieven als het gaat om gebiedsontwikkeling op grond van betekenisvolle outcome-indicatoren. De centrale overheid zou betrouwbaar moeten blijven als convenantspartner, zich aan zijn financiële verplichtingen houden en niet reeds in het eerste jaar van de zevenjarige conventantsperiode de convenanten moeten openbreken.

… en coherentie van national plattelandsbeleid verduidelijkt.

Nationaal plattelandsbeleid zou de impact op rurale gebieden moeten verduidelijken van nationaal beleid voor regionale ontwikkeling, innovatie, duurzame energie, water, sociale dienstverlening en andere terreinen. Deze effecten zouden in kaart moeten worden gebracht. Het volgende beleidsdocument over plattelandsbeleid zou een omvattend overzicht moeten bieden van nationale geldstromen naar rurale gebieden, zoals reeds het geval is voor de grote steden.

2) Rurale ruimtelijke ordening

Nederland heeft een lange traditie in ruimtelijke ordening. Een duidelijke scheiding tussen stedelijke en rurale gebieden is een centrale doelstelling geweest van het ruimtelijke ordeningbeleid van de laatste vijftig jaar. Dit beleid is relatief succesvol geweest. Rurale gebieden zijn tot op zekere hoogte open landschappen gebleven, onaangetast door stedelijke activiteiten. De praktijk van de afgelopen jaren heeft echter de scheiding tussen stedelijke en rurale gebieden ongedaan gemaakt. De grenzen van steden raken aan die van buursteden, in het bijzonder in de Randstad, maar ook in Brabant en andere provincies. Bovendien zijn er indicaties dat het restrictieve ruimtelijke ordeningsbeleid tot negatieve welvaartseffecten heeft geleid: schaarste aan bouwland zou huizenprijzen in Nederland omhoog hebben kunnen gebracht. In de afgelopen jaren heeft het ruimtelijke ordeningsbeleid de conceptuele scheiding van stedelijke en rurale gebieden versoepeld; bovendien is het beleid gedecentraliseerd. De nationale overheid ziet zijn rol als het definiëren van de basiscondities. Tegelijkertijd is de nadruk verlegd van het opleggen van beperkingen naar het bevorderen van ontwikkelingen. De uitdaging voor dit nieuwe beleid is om tot duidelijke besluiten te komen over ruraal landgebruik.

Gedecentraliseerd plaatsgebonden beleid vergroot de mogelijkheid van lokaal gedifferentieerde oplossingen…

De provincie kan een sleutelrol spelen in ruimtelijke ordening. Zij kan een gebiedsvisie ontwikkelen die uitstijgt over de administratieve (gemeentelijke) grenzen, die diverse functies kan combineren, en die aldus waarde kan toevoegen en compensatie kan leveren wanneer dat nodig is. Andere partijen kunnen ook leidend zijn in het verwoorden van visies over landgebruik. Een uitdaging blijft het vinden van lokaal draagvlak; dit kan bijvoorbeeld door een gezamenlijk gedeelde gebiedsvisie. Deze initiatieven zouden een alternatief kunnen vormen voor traditionele iteratieve planningprocessen. Uitvoering van rurale ruimtelijke visies vereist goed functionerende grondmarkten en bestuurlijke coördinatie. Er zijn echter diverse uitdagingen. Belangrijkste problemen op de grondmarkt zijn de hoge grondprijzen en het afgenomen publieke profijt van functieveranderingen van landbouwgrond.

… maar het wordt bemoeilijkt door hoge grondprijzen…

Prijzen van landbouwgrond zijn de afgelopen jaren, in het bijzonder in de buurt van steden. De gemiddelde prijs van landbouwgrond verdubbelde tussen 1995 en 2001, maar is sindsdien gestabiliseerd. In de rurale gebieden

dichtbij steden bepaalt de afstand tot bebouwde gebieden de prijs van landbouwgrond. Hoge grondprijzen kunnen de grondmobiliteit verminderen, en daarmee herkaveling en productiviteitswinsten in de landbouw doen afnemen. Als gevolg van fiscale wetgeving die boeren niet belast over opbrengsten uit grondverkoop die worden geherinvesteerd, sijpelende hoge grondprijzen door naar heel Nederland. Veel boerenboeren in stedelijke gebieden kiezen er namelijk voor om te herinvesteren in andere gebieden in Nederland; dit zorgt voor een prijsopdrijvend effect. Een deel van de markt voor landbouwgrond is in praktijk een markt voor bouwrechten geworden.

… en afgenomen gemeentelijke grondbaten.

Een flink deel van de grond verandert elk jaar van functie. Over het afgelopen decennium werden jaarlijks tussen de 80 000 en 100 000 hectares verkocht. Daarvan veranderde tussen de 18% en 32% van functie. De waardevermeerdering als gevolg van functieverandering van grond bedraagt ongeveer EUR 1.4 miljard per jaar. Grondeigenaren profiteren van deze functieverandering: dit zijn boeren, projectontwikkelaars en lokale overheden. Er zijn indicaties dat boeren wachten met grondverkoop totdat ze in staat zijn om de overwaarde te incasseren. Gemeenten zijn lange tijd in staat gebleken om deze overwaarde toe te eigenen via actieve grondpolitiek. Veel lokale overheden hebben een grondontwikkelingsbedrijf dat landbouwgrond opkoopt, grond bouwrijp maakt en het dan aan ontwikkelaars verkoopt, of zelf bebouwt. Op deze manier zijn lokale overheden in staat om te profiteren van de waardestijging van grond als gevolg van de functieverandering. De positie van gemeenten op de grondmarkt is echter minder dominant geworden, ondanks de instrumenten die ze hebben om land te verwerven. Private partijen, zoals projectontwikkelaars, zijn sinds de jaren ‘90 toenemend effectief geworden in het anticiperen van veranderingen in grondgebruik en zonering.

Gemeenten kunnen de baten van functieveranderingen afromen. De huidige instrumenten zijn echter inadequaat. De kosten die kunnen worden verhaald met de huidige instrumenten zijn beperkt. Om hier een oplossing voor te bieden is een grondexploitatiewet voorgesteld die in 2008 zal worden ingevoerd. Deze wet geeft gemeenten meer mogelijkheden om kosten te verhalen die verband houden met grondontwikkeling. Dit biedt echter weinig soelaas voor kostenverhaal op regionaal niveau: er is bezorgdheid dat het moeilijk zal blijven om natuur- en recreatiegebieden te realiseren die zich buiten het projectgebied bevinden.

De baten van functieveranderingen van grond zouden kunnen worden afgeroomd…

Er is een compensatiemechanisme voor planschade; maar geen mechanisme voor planbaten. Het verschil in waarde voor en na de zoneringsverandering zou moeten worden afgeroomd, zodat landeigenaren die profiteren van het planbesluit ook hun bijdrage leveren. Dit kan op verschillende manieren.

… door flexibelere lokale zonering…

Gemeenten zouden flexibeler kunnen worden in de lokaties waar functies veranderen. Regionale en lokale overheden hebben tegenwoordig meer vrijheid om te beslissen over ruimtelijke ordening en landgebruik. Gemeenten kunnen nu dus minder generiek zijn in hun zonering. In plaats van te besluiten over zonering voordat onderhandelingen over landverkoop starten, zouden ze kunnen proberen om ruimtelijke functies van die gebieden te veranderen waar grondeigenaren een redelijke prijs voor hun grond vragen. Dit zou kunnen worden vastgesteld via een veiling van grond waarin grondeigenaren een “sealed bid” kunnen uitbrengen voor de grond die zij willen verkopen. Het Ministerie van Landbouw, Natuur en Voedselkwaliteit zou lokale overheden kunnen stimuleren om pilots op te zetten met een dergelijk system.

… en door een planbatenbelasting.

Aangezien grondveilingen niet onder alle omstandigheden zullen werken (als er weinig verkopers zijn of weinig grond beschikbaar is), zou een generieker instrument geïntroduceerd kunnen worden om planbaten af te romen. Een planbatenheffing is een dergelijk instrument. Dit is een heffing die een grondeigenaar moet betalen als zijn grond van functie verandert. Een voordeel van een planbatenheffing is dat de optiewaarde van grond zal afnemen; dit zal het gemakkelijker maken voor boeren om grond te kopen van boeren die stoppen, het zal grondmobiliteit vergroten en op die manier efficiëntie vergroten. Het zou ook de landverwerving door de overheid voor de ecologische hoofdstructuur goedkoper maken.

Prijssignalen en kosten-batenanalyses zouden vaker gebruikt kunnen worden…

Claims op landgebruik unnen momenteel moeilijk tegen elkaar worden afgewogen (en worden afgewogen tegen het alternatief om niets te doen). Dit wordt nog verder gecompliceerd doordat de strengheid van zonering kan

leiden tot verschillende "opportunity costs". Het gebruik van prijssignalen zou kunnen leiden tot besluitvorming die kosten en verwachtte waarde in beschouwing neemt. Dit kan de beleidsafweging versterken. Aangezien het system ook nadelen kan hebben, zou gestart kunnen worden met pilots om te zien hoe het meenemen van prijssignalen in besluitvormingsprocessen in de praktijk kan werken. Kosten/baten-analyses van landschappelijke en natuurwaarden zouden vaker kunnen worden toegepast. Het Ministerie van Landhouw, Natuur en Voedselkwaliteit heeft initiatieven genomen op dit terrein, maar er zou meer gedaan kunnen worden. Instrumenten zouden kunnen worden verfijnd en worden toegepast voor toekomstige landverwervingen voor de ecologische hoofdstructuur. De expertise in het ministerie en provinciale overheden over kosten/baten-analyse en zijn toepassingen op natuur en landschap zou versterkt moeten worden.

… evenals bestuurlijke mechanismen die interactie tussen steden en rurale gebieden stimuleren.

De interactie tussen rurale en stedelijke gebieden zal wederzijdse rollen en verwachtingen kunnen verduidelijken. Er zijn momenteel acht stadsregio's; dit zijn intergemeentelijke samenwerkingsverbanden, die goed werken wanneer belangen gelijkgestemd zijn, maar minder goed wanneer er verschillende belangen zijn. Diverse stadsregio's hebben een aanzienlijk aandeel aan rurale gementen als leden. Op deze manier kunnen externe effecten worden geïnternaliseerd. Het bestuur van stadsregio's zou moeten worden versterkt.

Er zouden meer verbindingen moeten zijn tussen nationaal stedelijk beleid en nationaal plattelandsbeleid. Het nationale beleid voor stedelijke gebieden is vaak bekritiseerd omdat zijn focus is beperkt tot steden, in plaats van het functionele stedelijke gebied, namelijk de stadsregio. Wanneer het gehele functionele stedelijke gebied zou worden bekeken, dan zouden externe effecten beter kunnen worden meegenomen, bijvoorbeeld als het gaat om transport, sociale woningbouw, natuurgebien en open landschappen. Het zou behulpzaam zijn als het raamwerk van het grote stedenbeleid zou worden gesynchroniseerd met het raamwerk van het nationaal plattelandsbeleid in vervolg op de huidige beleidscyclus.

3) Landschaps- en biodiversiteitsbeleid

Landschappen en biodiversiteit zouden niet alleen in aangewezen gebieden moeten worden versterkt…

Rurale landschappen en biodiversiteit ondervinden invloed van intensieve landbouw en urbanisatie. De neiging in beleid is lang geweest om natuur en

landbouw van elkaar te scheiden; landbouwgrond zou dan gebruikt moeten worden voor economische productie en natuurgebieden voor biodiversiteit en natuurwaarden. Deze duidelijke scheiding is beëindigd, maar er lijkt nog steeds de neiging te bestaan dat biodiversiteitsdoelen alleen in natuurgebieden kunnen worden bereikt, in plaats van in alle gebieden. Er bestaan vele mogelijkheden voor combinatie van landgebruik die gunstige effecten voor landschap en biodiversiteit hebben. Lokale actoren spelen hierin een belangrijke rol. Planningconcepten (zoals het Groene Hart) zouden geactualiseerd moeten worden en er zou meer ruimte moeten zijn voor groene recreatie.

Overheden zouden niet alleen gericht moeten zijn op de ecologische hoofdstructuur, maar zich ook bewust moeten zijn van het potentieel van alle andere gebieden. Doelstellingen voor biodiversiteit moeten niet worden uitgedrukt als zouden niet alleen in aanmerking moeten nemen met de hoeveelheid hectares ecologische hoofdstructuur, maar als gewenst eindresultaat zoals een specifiek gedefinieerde variëteit aan flora, fauna en habitats. Deze doelstellingen kunnen worden opgenomen na de evaluatie halverwege de eerste termijn van het ILG.

… maar overal waar mogelijk in rurale gebieden.

Grote landbouwbedrijven kunnen in principe even milieuvriendelijk zijn als kleinere landbouwbedrijven, maar zij neigen ernaar regionale landschappen te homogenizeren. Overheidsbeleid zou neutraal moeten zijn ten aanzien van de omvang van landbouwbedrijven. Marktconcentratie in de agro-food-industrie zou de diversificatie van landbouw kunnen hinderen. Dit moet ter hand worden genomen in het mededingingsbeleid. Mededingingsbeleid is doorgaans geneigd om zich te richten op consumenten in plaats van het welzijn van producenten. Dit zou echter de dynamiek van marktmacht in de voedselsector kunnen verhullen die uitgeoefend wordt aan de inkoopkant om prijzenoorlogen te kunnen voeren met het oog op een groter consumentenaandeel.

Vrijwillige modulatie wordt niet toegepast in Nederland, terwijl de beleidsuitdagingen op het gebied van biodiversiteit dit nodig zouden kunnen maken. Zowel het aandeel van Pijler 2-gelden als het natuurbeheer door boeren in Nederland is relatief laag. Vrijwillige modulatie zou meer agrarisch natuurbeheer mogelijk maken.

Milieuprogramma's zouden principal/agent-problemen moeten oplossen…

De belangrijkste complicatie van natuurbeheer door boeren is informatie-asymmetrie: grondeigenaren weten meer over lokale kosten en effecten dan het ministerie dat de contracten ervoor uitgeeft. Dit leidt tot verschillende

problemen. Een ervan is "adverse selection": boeren die al milieuvriendelijk zijn zullen meer prikkels hebben om mee te doen aan beheersprogramma's aangezien hun kosten om deel te nemen lager zijn. Zij zullen minder en minder ingrijpende veranderingen hoeven door te voeren, en het resultaat is kleine milieubaten en overcompensatie van hun kosten. Veilingen kunnen hier een oplossing voor zijn aangezien zij het mogelijk maken om de kosten voor de verschillende grondeigenaren te onthullen. Veilingen voor natuurbeheer hebben gewerkt in de VS en Australië. Het Conservation Reserve Program (CRP) in de VS dat gebruikt maakt van veilingen heeft significant bijgedragen aan het bereiken van een verscheidenheid aan milieu-doelen. Het Australische Auction for Landscape Recovery-programma (ALR) was twee tot drie keer zo effectief als een uniform kostensysteem. Experimenten zoals deze zouden moeten worden opgezet in Nederland. Decentralisatie kan ook recht doen aan de regionale verschillen en kan op die manier beheersprogramma's beter richten, bijvoorbeeld door aan te grijpen op de stijl waarop landbouw wordt bedreven. Ervaringen in Oostenrijk laten zien dat lokale programma's een aanvulling kunnen vormen op nationale en EU-programma's. Lokale programma's kunnen worden beschouwd als een verfijning van het beleidsinstrument; hun voordeel is dat lokale voorkeuren kunnen worden meegenomen.

... en meer lokale en private financiering zou moeten worden gestimuleerd.

Lokale overheden in Nederland zullen in veel gevallen niet veel ruimte hebben om aanvullende inkomsten te genereren voor lokale programma's ten behoeve van biodiversiteit of landschap. De planbatenbelasting, zoals aanbevolen in deze studie, zou ruimte kunnen bieden wanneer de opbrengsten ervan aan lokale overheden ten goede komen. Obstakels voor bredere toepassing van de lokale toeristenbelasting zouden moeten worden weggenomen. In het licht van de hervorming van het Gemeenschappelijk landbouwbeleid zouden verdeelmaatstaven in de algemene uitkering kunnen worden heroverwogen op de functies die rurale gemeenten vervullen voor de stedelijke populatie.

De private sector heeft in veel gevallen voordelen van idyllische landschappen en goed natuurbeheer. Soms zijn deze voorzieningen onmisbaar voor hun commerciële activiteiten, zoals in het toerisme. Private partijen financieren soms het beheer en onderhoud van deze rurale voorzieningen. Dit is bijvoorbeeld het geval in Oostenrijk waar de toeristensector betaalt voor onderhoud van het rurale landschap. Alhoewel weinig gemeenten in Nederland net zo afhankelijk zijn van toerisme, zouden lokale overheden kunnen besluiten om een deel van de toeristenbelasting te reserveren voor natuur en landschap.

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NETHERLANDS

How does one meet the challenges of rural development in a country that is arguably one of the least "rural" among the OECD? Faced with high population density, close proximity of urban areas and urban-rural linkages, rural areas in the Netherlands have witnessed a gradual disappearance of characteristically rural landscapes and a deterioration of biodiversity. Future developments will increase pressures on rural land use, making a policy framework to address these challenges only more pertinent.

Dutch rural policy has recently been decentralised so that regional differences can be better taken into account. Although it is a promising development, decentralisation of rural policy raises concerns about policy coherence, provincial capacity and regional autonomy. The abundant urban-rural linkages in the Netherlands will require close co-ordination between rural and urban policies. In addition, instruments for land development will have to be strengthened to balance both current and future demands for rural land use.

This report will be of interest to policy makers, researchers, NGOs and others active in rural development.

French and Dutch translations of the Assessment and Recommendations have been included in this volume.

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