

Applying Economic and Social Science in a changing world

Annual Report 2005

Sound analysis, inspiring ideas

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Report of the Supervisory Board



Prof. Pé Kohnstamm



Mr. Frans Engering



Mr. Frank Joyce



Mr. Hywel Ceri Jones

The financial statements have been audited and approved by Mazars Accountants. We have submitted the annual accounts for approval to the General Meeting of Shareholders of ECORYS Holding BV. We agree to the Board of Management's proposal for the appropriation of the profit of 2005 and recommend the general meeting of shareholders decides accordingly.

The Supervisory Board met with the Board of Management on five occasions in 2005. At these meetings we discussed such topics as the annual accounts for 2004, the annual budget and the half-yearly report of 2005, our relationship with the Foundation NEI, the strategic plan 2005-2008 and our share trading. We also addressed the changing market conditions facing different parts of the Group and the steps being taken to match market conditions.

We paid particular attention to:

- The appointment of an additional member of the Supervisory Board itself;
- The response of the Dutch operating company in the face of the continuing subdued economy;
- The need to be prepared to manage and budget for uncertainties in the face of the continuing challenge of re-orienting our companies towards new geographical and thematic markets.

We met once in the absence of the Board of Management to discuss the performance of the Board of Management and the functioning of the Supervisory Board itself.

In 2004 we decided to institute an audit sub-committee from the beginning of 2005. Members are Mr. Frank Joyce and Prof. Pé Kohnstamm. The audit committee met three times in 2005 together with the Group Financial officer, the Company Secretary and the auditors. In addition to detailed discussions on the half year figures and the annual accounts, the audit committee also spent time on the risk profile of the company, the position of the ECORYS pension fund in the Netherlands and the proposal to adopt the IFRS rules from January 1st of 2006. The management letter of the auditors again showed an improvement of the administrative organisation of ECORYS.

We are pleased that our companies in Poland, Spain, Russia and Belgium are moving ahead with growth in profitability and turnover, giving substance to the Groups' ambitions to be a pan-European group. During the year it was decided to start an office in Turkey. We support the measures that the Board of Management has instituted to adapt to the market conditions in the Netherlands and we recognize and commend the strenuous efforts that the management and staff of the Dutch operating company have made. We are pleased that these have resulted in a much better position during 2005.

At the end of the General Meeting of shareholders of May 2005, Mr. Maarten van Dis stepped down as chairman of our Board. We want to record our thanks for the way in which he has supported the development of ECORYS since its inception and for the way he fulfilled his task in the Board. Prof. Pé Kohnstamm was appointed as chairman. Per January 1st 2006, Mr. Hywel Ceri Jones was appointed as member of the Supervisory Board. With his long experience within the EU administration he brings an excellent vision of future developments in the EU.

The Supervisory Board is pleased to note that the ECORYS Group has again increased its profits year on year. (An increase of some 84% in pre-tax and 61% in post tax profits compared to 2004).

This continued growth is encouraging. However, the full potential of the Group remains to be fully realised. The improvement of the economic outlook in many countries in Europe and the synergy between different business units within the ECORYS Group will help to reach the goals which have been set in our strategic plan 2005-2008. We thank the Board of Management and all the employees of ECORYS for their contribution to the good results in 2005.

Supervisory Board

Prof. Pé Kohnstamm (Chairman)
Frans Engering
Frank Joyce
Hywel Ceri Jones

Report of the Board of Management

Introduction

2005 marked an important step forward for the ECORYS Group. By the end of the year we were much stronger than we had been a year earlier. This is true of our market position, our finances and a number of aspects of our corporate functioning.

What motivates ECORYS staff is the satisfaction of providing excellent service to our clients and being constructively engaged in many of the issues affecting the social and economic development of the societies in which we live and work.

It is clear that the Group is continuing to make a major contribution and we give some examples of our work in later sections of this report. A glance at any of our track records or annual reports shows the enormous range of important and exciting topics we address. With over 500 permanent staff we are one of, if not the, largest research and consulting companies in Europe specialising in economics and social science.

We are well established with and well respected by the major national and international institutions and governments that are our clients. The fact that we have been working with many of them for many years (and indeed increasing our engagement with them) shows that the quality of our work and our reputation is well regarded. We work intensively at all levels in our home markets, across the EU and its neighbours and in many developing countries, contributing during 2005 to the economic and social development of well over 99 countries world wide.

Financial position and performance

Details of the financial performance of the Group are given in the final pages of this report. Here we note that the post-tax profit for 2005 of €1.4 million represents a 60% increase over the previous year (2004: €0.89m). Each of the operating companies increased their performance over 2004. Year on year our forward order book continues to be much stronger as we go through 2006 than was the case in 2005. We are confident of continuing this development in future years.

Markets and market position

During 2005, market demand remained firm in most of our market areas, although it continues to be highly competitive. We were able to grow and strengthen our position in most of our domestic markets, particularly in Belgium, Poland, Russia, Spain and in the UK and many aspects of our work in the Netherlands. We also considerably strengthened our position in the markets for international development work and in EU neighbouring states.

Fortunately the market in the UK was not disrupted by the General Election (always a real possibility), and there continued to be strong demand for most of our services. We were able to significantly increase our work in the housing policy area; an initiative which had started towards the end of 2004. We were also successful in increasing our programme management and technical assistance services for UK Government: diversifying into new areas not dependent upon EU structural funds which will come under pressure in the UK in future years. In response to the continuing regionalisation of demand we opened our fifth UK office in Manchester during 2005. In the Netherlands the domestic market continued to be subdued at the beginning of 2005, but later in the year started to show signs of recovery for most of our knowledge areas. This was true in regional and local development, transport and some aspects of real estate.

We were able to respond to this and to begin to develop new areas of work (for example in health economics) as well as continuing our development in markets outside the Netherlands itself.

In Spain and Belgium market demand continued to be quite strong, enabling us to develop well in both of these home markets; developing new expertise in innovation in Belgium, and a high visibility in the methods of effective management and administration of structural funds in Spain. In both Poland and Russia we see a move towards the development of independent "home" markets no longer so dependent upon the flow of funds under the direct control of the EU and aid agencies. Within Poland we have been able to navigate this change successfully, winning work from newly empowered national agencies. In Russia we are responding to the opportunities by transforming our

Moscow office from a representative office to a Russian company.

We have continued to be successful in working in the neighbouring states of the EU. Much of this is in the context of EU support for development and change in these countries, either as neighbours or as putative candidates to join the EU. To build upon and develop our work here we have set up a company in Turkey which has its base in Ankara but also manages the EU information office in Istanbul; established a representative office in Kiev to support our project work there; and towards the end of 2005 we took the decision to start up an office in Bulgaria to serve not only that country but the wider South Eastern European market.

During 2005 we consolidated and further established our position as a major supplier in the international development field. All of the Europe Aid framework contracts were re-tendered internationally last year. As a result of competing successfully we are now the lead contractor or a major consortium member in half of all of the contracts. This was major coup and positions ECORYS not only to play a major role in that part of the market but also, by reputation, strengthens its competitive position with other clients in this market.

The market for policy work for the EU 25, where the European Commission is the main client, continues at the same level as previous years. It remains highly competitive. Nevertheless the Group continues to win work and have a high profile: this is particularly so in the areas of transport, education and culture, social policy, urban and regional policy and innovation.

The markets for technical assistance direct to the Commission are not as strong as they were several years ago. Hence we have been examining the other demands for support that the Commission has in fields such as the management of dissemination and exchange of experience between member states.

Governance, people and organisation

2005 was the first year for the new Board of Management and new Supervisory Board. At the end of 2004, Maarten van Dis retired as member



Max van der Sleen, Hugh Williams, John Bell.

and Chairman of the Supervisory Board. We are very grateful for the support and advice that he gave to the ECORYS Group during its formative years. Prof. Pé Kohnstamm became Chairman of the Supervisory Board from 1st January 2005. The Board of Management and the Group Officers have worked well together as a team with strong mutual support and common purpose. We have also worked well with the Supervisory Board and are grateful for the support and advice that they have given us.

Towards the end of 2005, Hywel Ceri Jones agreed to join the Supervisory Board and we have greatly appreciated his input as we enter 2006.

In 2005 we completed a comprehensive risk analysis of the Group which, in accordance with good corporate governance practice, will be reviewed regularly and updated annually. We also completed our new accounting manual which has been implemented from 1st January 2006. The follow up of these two activities in 2006 will help us to manage risks better as the Group continues to grow in size and complexity.

During 2005 we put in place and promulgated the Group Corporate Strategy to set out clearly the vision and values of the Group, its aims and the path we are taking together in terms of the immediate concrete steps and priorities. We also continued the joint international trainee scheme and joint training on particular topics for established staff. In the later pages of this report we provide some glimpses of the type of opportunities and careers that have been open to our staff and which illustrate the effects of our personnel policies in action.

In 2005 we established the main lines of the ECORYS Group Research Strategy. Carrying forward this research will enable us to underpin the development of "knowledge groups" across ECORYS and increase opportunities for staff to work together.

Mention has been made above of the new offices established in Kiev, Manchester and Ankara during 2005. We also reoriented the Brussels office so that it could function more clearly as a resource for all of the companies in the Group and help to support and co-ordinate our approaches to the Commission market.

Looking ahead

ECORYS remains well positioned in the market. In 2006 we expect to continue to grow, meet our financial targets and fulfil the wider aims of our strategy for the Group and staff. The challenge is to continue to strengthen our home market positions; and to build on our recent success in Turkey; to continue to develop our work in the new member states particularly where we have offices; to build on the position we have in neighbouring EU countries; and to successfully manage the Europe Aid and TA contracts. We shall be looking to continue to increase our programme management and other non-day rate income. In terms of policy areas we will use the position of our Brussels office to further increase the work of all members of the Group for the European Commission. We will continue to build on our success in new or re-emerging policy areas such as housing, transport, health and other aspects of social policy and energy and environment. We will of course retain our strong position in areas of competition, regional and urban

development and economic policy and public finance management in developing and transition countries.

This continued growth will enable us to strengthen our investment in research, staff training and developments in new policy, services or geographical markets. During 2006 we will examine ways in which we can encourage the spread of ownership of the Group more widely throughout staff. We will also strongly develop our research activity. This will help to secure our position in the market or in new policy areas by marking us out as an organisation with valuable insights to offer and with up-to-date intellectual capital. It will also add substance to the effort we will be making to raise our profile as one of Europe's leading research based consulting companies in the field of economic and social development. It is obvious to many of us that there is a continuing and indeed growing need for our expertise both at home and abroad. We look forward with enthusiasm to the interesting problems and challenges that our clients will bring to us in 2006 and beyond.

2005 has been a good year for the ECORYS Group. As Board of Management we thank all our colleagues throughout the Group for the continuing commitment and hard work they show towards the Group and our clients.

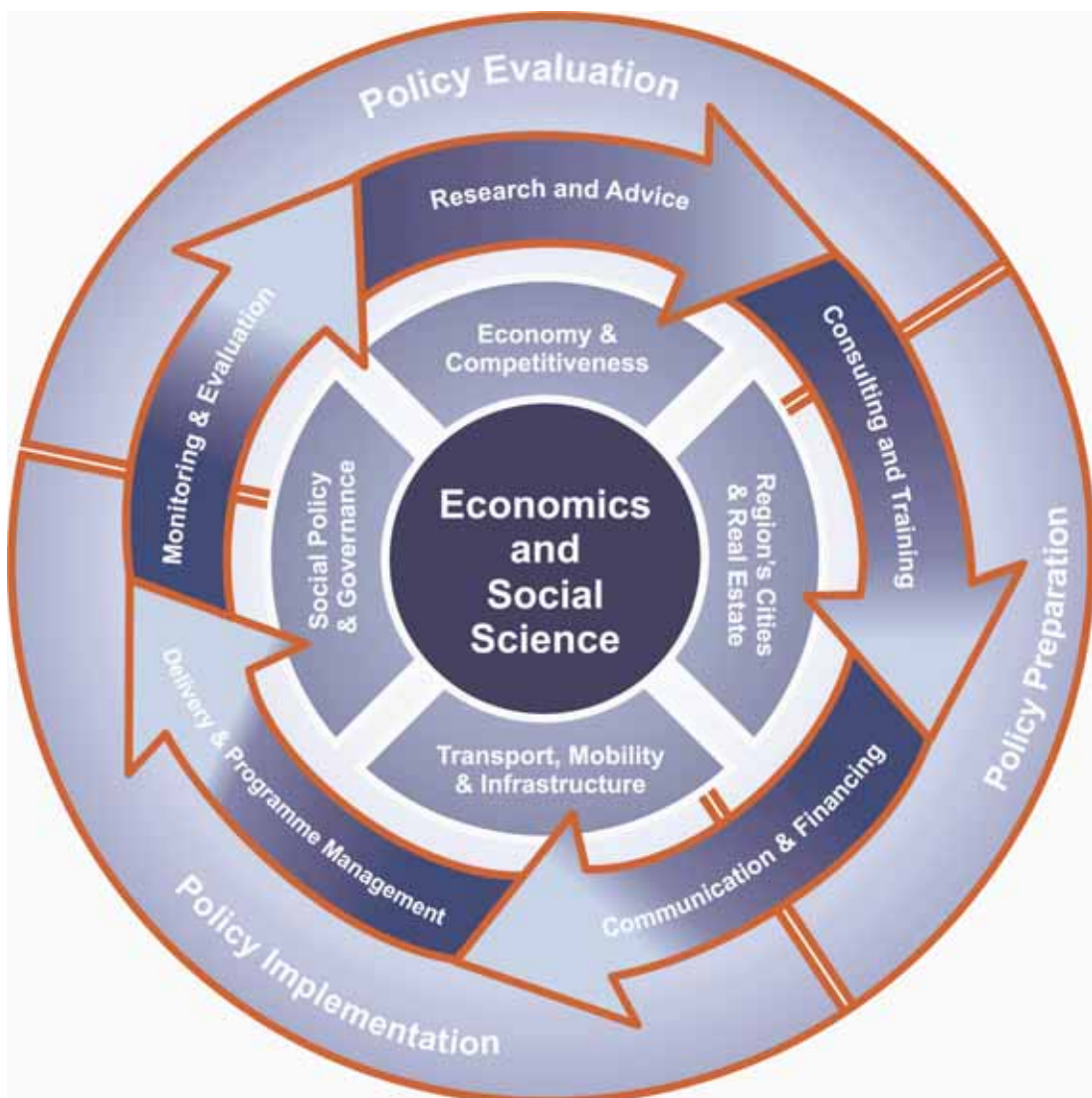
Board of Management

Hugh Williams (Chairman)
Max van der Sleen
John Bell

Our vision is to build...

The leading European company specialising in economic and social development

with a reputation for the highest quality research-based policy advice, consulting and training, communication and financing, delivery and programme management, and monitoring and evaluation services across the EU, its neighbouring states and developing countries.



Applying Economic and Social Science in a changing world

Governments at all levels, companies, organisations and individuals are continually faced with the challenge of changing circumstances. Whether the common perception that change is getting ever faster is true or not; it is certainly the case that some of the changes to which we must respond are quite profound and affect many aspects of the societies in which we live and work.

In our last annual report we illustrated the breadth of application of our work. We showed how our economic and social science expertise is applied to science and technology, governance, strengthening economies, building communities, transport and infrastructure and delivering policies and programmes. In this annual report we give some examples of the ways in which we are supporting our clients to respond to a changing world.

We have over 500 permanent staff based in some 20 offices in 11 countries from where we work not only on “local” national issues but also on international issues and spread out to provide expertise in well over 99 countries across the world. It is therefore not possible to give anything other than a flavour of our work.

We are, of course, engaged in many issues arising from big political decisions of the day. To give but two examples:

- In the year that the G8 countries made support for development and poverty alleviation the main theme of their summit meeting; ECORYS became either the leader or a major member in half of all the main Europe Aid framework contracts that implement the EU’s commitment to these ends.
- In 2005 the EU agreed to begin formal negotiations with Turkey on eventual EU membership. The ECORYS Group now manages the European Commission’s Information and Communications Programme in Turkey.

However, change arises not just as result of governmental decisions. Changes in technology, demography, international competition and social expectations all have sweeping effects. And these affects are felt at local and regional level as much as at national and international levels; they impact upon different groups in society in differing ways. Therefore in this report we have chosen a selection of projects and assignments to illustrate this variety of our work.

- The addition to and renewal of fixed capital cannot always keep pace with the rate of social and economic change. For example in the UK, structural change in the economy has led to rapid growth in population in the south-east of the country and declining population in some parts of more northern cities. This is resulting in extreme pressure for new development and significant upward pressure on house prices on the one hand; and areas of decline and abandoned housing on the other. In the Netherlands also, continued pressure for growth has led to the re-evaluation of policies for concentrating growth in and around existing cities. The debate has also been addressing the role of tax relief on mortgages. Whilst in the new member states the legacy of a poor housing stock which no longer matches aspirations is posing a challenge to both individual states and agencies such as the European Investment Bank and the European Commission.
- Transport infrastructure is another asset coming under pressure. As economic growth continues, the volumes of passenger and freight movements increase both nationally and internationally. This raises questions of how best to

use the existing supply of infrastructure (perhaps through pricing mechanisms) and how to select the most appropriate new schemes in circumstances where the funds are limited and the economic, social and environmental consequences of new investments are looming ever larger in the consideration.

- The expansion of the European Union has been accompanied by the need to support the New Member States and the accession countries in transforming their institutions and economies. Given the scale of the transformation required, good progress has been made but the process still continues. Nevertheless, those who have been involved in these changes over the past decade or so (and ECORYS is one of these) have learnt valuable lessons on how to support and develop transition economies. We are now applying these to more and more states in Europe and indeed carrying these valuable lessons even as far as North Korea where there is an interest in European experience of transition.
- International competition, globalisation of trade and the effectiveness of “competitive advantage” are the drivers of some of the most rapid change. All point to the need to develop the so-called “knowledge economy” as one aspect of our response. This is reflected in the “Lisbon” agenda of the European Union; but it is also widely recognised that within the individual European economies we are not good at knowledge transfer from our research establishments and that innovation still needs to be improved. Hence the interest in understanding how knowledge transfer occurs, in the good practise for supporting innovation and the impact of public sector Research and Development policies on wider regional development in the EU.
- These economic changes challenge individuals and society alike to find ways to adapt to the new skill needs of the emerging “knowledge economy”. Whilst there is an important role for national policy responses, the variety of local and regional conditions mean that policies are best fleshed out in detail and implemented at local and regional level. The wide variety of circumstances and responses across the EU as a whole provides a rich source of experience and examples of different ways of responding to change from which we can learn. The enlargement of the EU and the impact of migration pose challenges for employment policies in mature economies as does the need to find ways to enable everyone to benefit from access to job opportunities. Here too we have been aiding the search for solutions.

Understanding the impact of these kinds of change, and how to respond to them has been a key element of our work and will continue to be so. A necessarily limited number of examples of individual projects are given in the following pages. Of course our full range of services across the whole policy cycle from inception to implementation continues to be applied to all aspects of our key knowledge areas: economy and competitiveness; regions, cities and real estate; transport, mobility and infrastructure; and social policy and governance.

Housing

Housing policy in England

ECOTEC's new Housing Division has been at the forefront of the very topical housing policy debates in England. The debate has two dimensions:

- In some parts of the country in the Midlands and Northern cities there is the problem of low demand for housing, compounded by high levels of unpopular and obsolescent housing. This is creating real difficulties in areas of decline and dereliction. The government response here has been the declaration of nine housing market renewal pathfinders, targeted at some of those urban areas most badly affected.
- In other parts of England – and predominantly in Southern England - there is a growing housing supply crisis resulting from low levels of new build failing to keep pace with a growing population. This is being tackled through a central government initiative with designated housing growth areas and a target of 200,000 additional homes, over and above existing targets by 2016.

ECOTEC has undertaken a number of commissions that have helped to shape policy at the national level and also provide practical support at the local level to allow for the effective delivery of these policies. At the national level, ECOTEC is leading a consortium to evaluate and monitor all nine of the housing market renewal pathfinders and provide guidance from their experiences on the development of this policy area. This has included a broadening of the policy responses (including environment, skills and economic development, transportation) to bring in other partners and resources as part of an integrated approach to housing market restructuring.

At the more local level ECOTEC has provided direct support to five of the housing market renewal pathfinders: covering variously the development of evidence concerning housing markets and the 'drivers' that impact on change within housing markets; household surveys and focus groups; project development and appraisals; and monitoring and evaluation systems. This has helped each of the pathfinders to shape their programmes and to attract national government funding to support the process of transformational change.

In response to the pressures of the growth areas, ECOTEC has been working on economic and population trend analysis to underpin the planning for the development of one of the designated growth areas: Milton Keynes. ECOTEC and ECORYS Netherlands worked together to review international experience in delivering planned growth of cities, specifically to inform the processes for Milton Keynes. That experience highlighted the importance of a thorough programme of consultation with all stakeholders, and also ensuring that the necessary infrastructure required to support growth, preceded rather than followed new housing development.

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Effects of possible reductions of tax relief on mortgages in the Netherlands

Currently, there is some tax relief on mortgage interest in the Netherlands. There has been much debate over this issue both in the Netherlands and internationally. It is a politically difficult debate with many views.

The Real Estate Council of the Netherlands felt that it would be useful to have an impartial view of the issue. Hence they commissioned ECORYS to study a range of possible scenarios and set out the different effects as a basis for wider debate. (The Real Estate Council combines all branch organisations looking after the interests of home owners.)

The ECORYS study shows that restricting the tax deductions for mortgages may have significant impact on the housing market, the income of families and the economy in general. The study does not take sides on the issue and doesn't pass judgement. It does however, warn of possible consequences of various scenarios. Timing is essential. Past experiences in Sweden show that abolishing tax deduction in a period of depression can cause a severe drop in house prices, while the same steps in the UK during a time of falling interest rates caused little to no effects on general family income. The study concludes that if a restriction of tax deduction is inevitable, a quick and wise decision should be made on a transition period in order to prevent major disruptions to the economy.

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Urbanisation in the Netherlands: can we afford a compact city policy in the future?

Since the nineties spatial policy of the Dutch government has been aimed at building in and around cities, to preserve the countryside and to focus on cities and public transport. The aim has been to build 40% of new houses in cities. Recently several Ministries proposed an ex-post evaluation of this 'compact city policy' and to do an ex-ante evaluation regarding possible future housing locations. The main interest of this Policy Evaluation (IBO) was to analyze costs and benefits of the spatial planning policy to the society. ECORYS won the contract and developed a special methodology for assessing the costs and benefits of spatial planning policies.

The main conclusion from the evaluation was that the benefit-cost ratio of the compact city policy in the past was better than that of a policy proposing more scattered construction of housing. The evaluation also shows that building houses in and around cities has limited positive effects on public transport, but that in some regions congestion even increased. For the future it is expected that the costs of building new dwellings in cities will rise due to the higher cost of urban regeneration. Finding new housing locations in cities will become more problematic, demolishing old dwellings and building over existing infrastructure might be necessary.

ECORYS recommended a more mixed and regionally differentiated policy which allows for smaller, scattered housing locations in the countryside.

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Back on the agenda: urban renewal and housing

Urban renewal is back on the agenda. Towards the end of 2005, a series of riots in the French suburbs reminded policy makers and practitioners across Europe once again that urban problems are far from being resolved, instead they appear to be growing. Not long afterwards, under the UK Presidency, Urban Ministers of EU Member States signed the Bristol Accord, an approach towards building and maintaining cities and communities that are 'future proof'.

But what do 'future proof' cities look like across the enlarged Europe? What is the meaning of so-called sustainable communities in the New Member States? And what does it imply when housing investments are not normally eligible for Structural Funds support? An unexpected contribution to this debate came from the European Investment Bank (EIB) - whose mandate has been extended to cover urban renewal and regeneration projects, which often embrace housing as a significant component. A consortium of regional experts led by ECORYS Hungary was therefore commissioned by the EIB - to assess the situation and inform the Bank's regional business strategy.

The study warns of the dangers of new pockets of urban slum formation if effective social housing policies, instruments and appropriate housing finance are not sufficiently addressed. In the last decade, governments in the new member states focussed more on establishing major institutional, legal and financial reforms, while a backlog of maintenance problems accumulated.

The ECORYS Hungary report gives concrete recommendations on how to overcome some of these development and investment problems. There are good ingredients to make the funding of panel housing rehabilitation and improvement a success story. Projects in the area of non-profit housing can focus on special target groups, e.g. young families entering the labour market, students, lower-income public employees or elderly families. In urban renewal, there is a strong need to work on the basis of urban renewal plans, whereas pro-active land-conversion can be a key to unlocking problems as well.

More proof for the statement that urban renewal is back on the agenda? On 30/5/2006, the EIB and EC DG REGIO signed a memorandum of understanding for the establishment of the policy initiative JESSICA (Joint European Support for Sustainable Investment in City Areas).

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Economies in Transition

Bridging science and industry: the innovation policy of Bulgaria

In preparing itself for future EU membership Bulgaria has taken major steps towards endorsing an active innovation policy. In August 2004 the Council of Ministers adopted The Innovation Strategy of the Republic of Bulgaria and the Measures for its Implementation. The Innovation Strategy was a result of the first phase of work by ECORYS : National Innovation Strategy and Programme for its Implementation supported by the Dutch Ministry of Economic Affairs.

The Innovation Strategy focuses on 10 policy measures, many of them concerning start up and existing companies. Another emphasis is given to boosting the link between science and industry by achieving more industrial spin offs from R&D and creating a favourable environment for technostarters.

Following the recommendations of ECORYS, an Innovation Fund was established with a commitment from the state budget of about € 10 mln for 2005-2007. A National Innovation Council was appointed chaired by the Minister of Economic Affairs. ECORYS helped the Small and Medium Enterprises Promotion Agency to establish the rules of operation of the Innovation Fund. In 2005 more than 100 grants have been contracted to companies that plan to commercialise R&D.

ECORYS has been asked to continue its support to the implementation of the Innovation Strategy. Our team is working jointly with the Enterprise Policy Directorate of the Bulgarian Ministry of Economy and Energy and SenterNovem of the Dutch Ministry of Economic Affairs to design and implement new innovation support instruments. Five technical universities are being advised on developing entrepreneurship centres that will stimulate future technostarters.

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Managing the European Commission's Information and Communications Programme in Turkey

Shortly after the agreement between Turkey and the EU to open discussion on possible accession, ECOTEC was commissioned to manage the EC Information and Communication Support Programme in Turkey in 2005. The aim of the programme is to facilitate the Turkey accession process by building public support based on well informed and realistic expectations.

ECOTEC established a country office in Ankara to run the programme. The programme targets various segments of the Turkish society ranging from disadvantaged young people to politicians, to improve their knowledge and understanding of the European Union (EU). ECOTEC conducts polling surveys to assess the current knowledge and attitudes about the EU, organises events, public awareness campaigns and media relations including TV and radio programmes, and produces publications including bi-monthly newsletters, leaflets, flyers, posters, guidance notes, press and policy papers.

As part of the programme, ECOTEC took over the EU Information Centre (EUIC) in Istanbul. The EUIC represents the face of the European Commission in Turkey. It is the first point of information for local citizens to obtain information, advice, assistance and answers to questions about the EU's institutions, legislation, policies, programmes and funding opportunities. It offers background documentation on the entire range of EU activities and serves as a major centre for information and events aimed at thousands of visitors every year.

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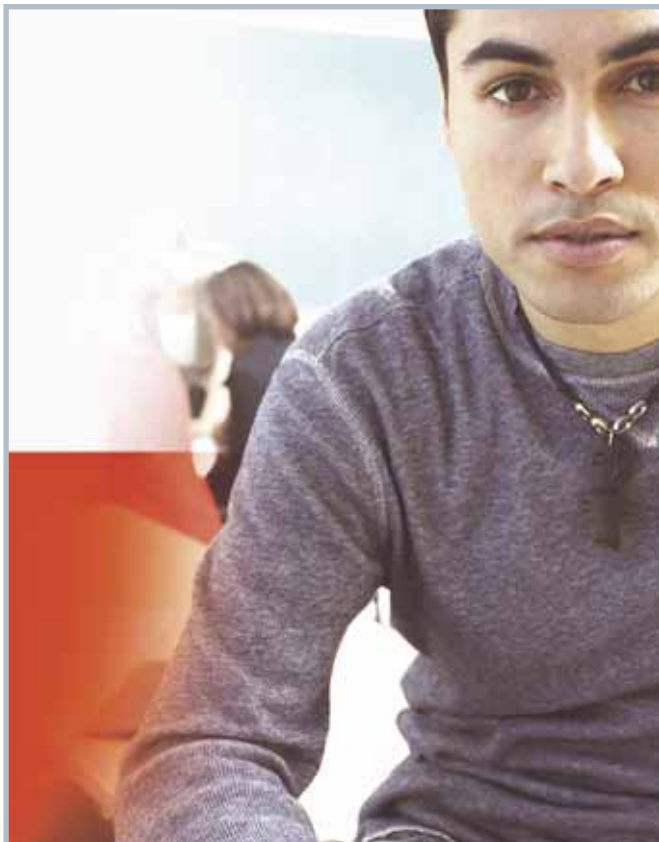
Vocational pathways - support to the modernisation of Polish vocational guidance

Young people in Poland face many barriers when looking for work - one of the reasons why, despite comparatively high economic growth, unemployment in the country is so high. An under-developed system of vocational guidance is now acknowledged as one of the causes of these barriers.

In 2005 ECORYS was commissioned by the Polish Agency for Enterprise Development to support the modernisation of vocational guidance. The overall objective of the project is to establish professional standards and competencies for vocational guidance providers and to provide training to bring practice up to these standards. The project has developed an extensive range of tools, methods and materials which those in vocational guidance can use in their daily work. The project targets its training at both vocational advisors working directly with young people and those providing vocational support services to businesses.

In total more than 4000 people are being trained. The programme runs for a year and is playing a central role in helping to improve the quality of vocational support to young job-seekers throughout Poland.

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Providing lessons for North Korea from our experience of transition economies in Europe

In 2005 the interest of the ECORYS Group in the economic reform process in the Democratic Peoples Republic of Korea (DPRK) led to a research paper and a training assignment.

ECORYS presented the paper "Implications of East European Experience for North Korean Development" at the international symposium on "North Korean Development and International Cooperation in Seoul", July 2005. The paper highlights strong and weak points of the transition experience in Europe (1989-2004) and sets out four scenarios for North Korea's development: independent liberalisation, regional cooperation and ASEAN membership, economic association with South Korea, and re-unification of the two Koreas. It shows that the two scenarios based on economic association and political unification have lower credit risk profiles and thus would enable faster growth based on high levels of resources mobilisation for investment and income development.

The training assignment was a follow up to the paper. The European Commission invited ECORYS to participate in its 2nd workshop on Economic Reform and the development of economic relations between the EU and the DPRK. This event was attended by 100 civil servants from North Korean ministries and state run companies and 15 European transition experts. The discussion focused on the changing role of government in managing an economy in transition. It also addressed specific DPRK experiences with the use of exchange rate policy and budget policy for purposes of macro economic stability, decentralisation of economic management and modernisation of capital stock in state owned companies and farms. In addition the practical experience with foreign direct investment (FDI) and employment creation in the special economic zone of Kaesong was covered. ECORYS prepared the training materials for the session on Macro-economic tools of the State to manage the economy, and participated in the formal and informal discussions with the participants on practical policy delivery issues.

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Labour Market Policies

Getting a local dimension into the actions for Lisbon

In March 2000, the Lisbon European Council set out a ten-year strategy to make the EU the world's most dynamic and competitive, knowledge based economy. It has been adopted as a driving force shaping the future of the European Union and its constituent Member States.

Under the strategy, a stronger economy will drive job creation and secure future prosperity in a context where strong social and environmental policies will underpin sustainable development and social inclusion. According to the Kok Report (2005), progress to date has been slow, but there is a renewed drive to configure policy around the Lisbon goals and to see that both EU and Member State actions are closely aligned with them. To this end, EU policy is now underpinned by a series of Integrated Guidelines for Growth and Jobs and a key feature of the coordination process is the adoption of the Open Method of Consultation (OMC). This has at its centre the critical value of sharing best practice ideas when it comes to delivering the Guidelines across the Member States. Two "flagship" projects being carried out by ECOTEC for DG Employment, Social Affairs and Equal Opportunities are dedicated to this transfer of good practice between players at the local level.

The IDELE and FALDE Projects

The IDELE project began in 2004 and looks at the actions carried out by local players (partnerships, pacts, municipalities and so on) as they aim to create more and better jobs, to give better access to jobs and training opportunities and to get the excluded and disadvantaged into work. The essence of the IDELE approach is a widely praised methodology for identifying, exchanging and disseminating best practice across the variety of different local actors and across the 25 nations of the EU. This is based on a two-day seminar event designed to provide a conversational platform to help policy-makers and the promoters of local employment development activities to

share a real dialogue in exchanging experience. The IDELE process demonstrates that local employment development activities can come in a wide variety of forms. Their promoters can range from loose confederations of essentially local projects to well organised strategy-driven partnerships and delivery agencies with a clear place in the system of governance. It is this rich variety that needs to be captured and shared. To date, ECOTEC has completed 11 of the 12 planned events around a pre-set theme. Each has brought together around 30 good practice practitioners including local actors, experts and regional, national and EU policymakers. The IDELE website enables over 300 of them to post their activities and to network together to exchange experience.

The FALDE project was required to focus specifically on the available potential for local employment development in the New Member States (NMS) of the EU plus Bulgaria and Romania. The starting point for FALDE was a "stocktake" exercise based on a methodology designed by ECOTEC. This determined the sorts of institutional and civic society capacities already in place in each NMS onto which a future programme for local employment development could be projected. By design, FALDE took us into the heart of the NMS through a network of "country correspondents" using the ECOTEC instrument and a series of in-country expert seminars. What FALDE opened up was the significant potential for a genuinely local dimension of policy to address some of the "difficult issues" these countries find themselves facing. Since we played a key role in both IDELE and FALDE, this offered an opportunity not just to widen the scope of the investigation of good practice but also to share the IDELE lessons more widely. With the 2007-2013 round of Structural Funds programming just about to get under way, the two projects (both to be completed by the end of 2006) have the potential powerfully to influence employment policy in general, particularly in the Convergence Objective regions of the South and East.

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Free movement of workers between New Member States of the EU and the Netherlands

In common with many countries, the Netherlands imposed some restrictions on the free movement of workers from the new EU member states of Central and Eastern Europe. Recent work by ECORYS Netherlands estimates that allowing free movement would lead to an estimated yearly influx of between 53.000 and 63.000 migrants into the Netherlands. This is between 23.000 and 33.000 more than the yearly number currently working with a work permit.

This finding is contained in work commissioned from ECORYS Netherlands by the Dutch Ministry of Social Affairs and Employment. ECORYS evaluated the interim programme for employees from the eight Central and Eastern European countries coming to the Netherlands. The specific goal of this evaluation was to map out the relevant facts on the flow of workers from the new member states. An ex post analysis was conducted of the effects in recent years of this interim programme as well as an ex ante analysis of the possible consequences of continuing this programme or, alternatively, opting for a free flow of workers.

The research was carried out under the supervision of an independent commission of experts. The results of the study have served as input for a decision by the Dutch government, who decided to impose a transition period lasting until 1 January 2007. Some liberalization is now in effect for some sectors to allow the free movement of workers from all member states of the European Union.

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Helping people back to work

ECOTEC's work is helping to inform the UK Government's welfare reform programme. One key plank of current UK policy is aimed at tackling worklessness in general, and high Incapacity Benefit (IB) claimant rates in particular – the aim being to lay the foundations for a system where tailored support to help people back into work is matched by personal responsibility for people to help themselves.

ECOTEC is evaluating the 'Stepping Stones' project, a high profile initiative benefiting from £3.6 million of Neighbourhood Renewal funding. Findings from the evaluation have been used by Manchester City Council to inform central government's approach in this area, and to respond to the recent welfare reform Green Paper. In particular ECOTEC's work is adding to the evidence base on what is effective in assisting IB claimants into employment, and how delivery agencies can best work together in advancing this agenda. For example, the evaluation highlighted the importance of developing effective on-going links with the health sector from the initial planning stage onwards, in addition to ensuring that distinct planning, implementation and operational phases are established for such initiatives.

At a more local level, the evaluation is also assisting Manchester's planning for its city wide approach to worklessness through its Employment Strategy, along with informing its approach to developing a 'city-based consortia' to tackle worklessness – again a key element of the Government's welfare reform policy. Recommendations in this area included the potential to strategically develop a series of initiatives to tackle worklessness in a complementary manner, bringing together elements of engaging workless individuals, providing training and work placement opportunities based on skills and/ or employment gaps, and establishing clear routes to securing employment.

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Building the Knowledge Economy

ICT, innovation and economic growth in transition economies

The Information for Development Program (infoDev) of the World Bank commissioned ECORYS Netherlands, together with IDEA Consult and TNO to study the impact of ICT on economic performance and innovation at firm-level in transition countries - taking into account a clear articulation of the constraints and enabling conditions at the industry and country level.

In meeting this objective, the project adopted a new and innovative methodology that identified the impact of ICT at firm level. By developing an Electronic Business Survey (EBS) we were able to collect data, and take account of the context specificity of the utilisation of ICT within different sectors and firms. The findings suggest that ICT is used as an important tool for improved economic performance and modernisation efforts among firms operating in a transition context. However, the overall impact of ICT depends on a range of complementary firm, and sector-specific factors. Within the individual firm, ICT must be complemented with organisational change and investment in other equipment to facilitate improved labour productivity and reduced operational costs. Moreover, ICT can be used as an effective tool together with new marketing strategies to improve a firm's position in existing markets or to enter new markets, and thereby improve profitability. The sectoral differences in impact of ICT identified in the study suggest that the overall information intensity of production and transaction processes determines the impact of ICT on economic performance. Accordingly, the more information rich the processes of production and transaction, the greater the scope for applying and utilising ICT for improved economic performance. Not surprisingly, the study also shows that an appropriate policy and regulatory environment is critical for facilitating the adoption and use of ICT among firms.

The study has been recognised by InfoDev as an important methodological and analytical contribution to the ongoing policy debates on ICT, innovation and economic growth, and the publication of the study report for a wider audience is being prepared.

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The impact of EU R&D policies across the regions of the EU

The role of R&D in stimulating economic development is of increasing interest to policymakers, particularly since the relaunch of the Lisbon Agenda. The EU, through the Structural Funds and the RTD Framework Programmes, contributes to regional development through support for R&D activities and the development of R&D capacities. Yet there are many aspects of this policy area which remain uncertain.

To improve our knowledge in this area the European Spatial Observation Network (ESPON) commissioned ECOTEC to lead a study exploring the spatial distribution of EU R&D policies and their interaction at the regional scale. This was undertaken through a mixture of quantitative data techniques - such as using cluster analysis to construct regional typologies; case study research to assess how the instruments were being used on the ground, and data mapping techniques to illustrate the results.

The work provides, for the first time, a picture of the distribution of participation and the benefits between the regions of the EU arising from both Structural Fund and Framework Programme funding of RTD. It also illustrates the pattern of strengths and weaknesses with regard to RTD across the regions of the EU and how different regions are using the available instruments to develop their capacity.

It sets out a systematic view of the ways in which the Structural Funds and the Framework Programmes can complement each other to enhance European research capacity and also territorial cohesion. In the light of this it provides a number of policy recommendations to improve the strategic links between the Structural Funds and the Framework Programmes. For example, building the knowledge infrastructure of a region not only to enhance the regional capacity but also to make strong links to wider European wide networks.

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Knowledge transfer from universities to firms

The South East Economic Development Agency asked ECOTEC to undertake the first ever examination of the impact of university and research establishments in the Greater South East of the UK upon national innovation and knowledge transfer. This region contains many of the most prestigious universities in Europe (including Oxford, Cambridge, Imperial College, London). The work was commissioned by a group of ten regional and national agencies in the UK.

The study's key motivation was the Government's intent to enhance regional economic development through the promotion of knowledge transfer and support for research in universities and other research establishments. It explored the contribution of universities and research establishments to knowledge transfer, its spatial distribution, influencing factors and relevant public policy implications. It was based on comprehensive research covering the analysis of existing data, complemented by over 100 face to face and telephone surveys of senior figures in research and industry.

The study mapped knowledge exchange initiatives and the spatial links between universities and firms. It focussed on the one hand on the development of the capacity within universities and research establishments to engage with business. On the other it looked at the means of stimulating firms to be more active in demanding and using collaborative arrangements with research institutes.

The report made a number of widely welcomed recommendations designed to increase the contribution that universities and research establishments make to knowledge exchange and innovation - the most prominent being to ensure that the spatial dimension is made a more explicit element in future policy and knowledge exchange initiatives. Universities, RDAs and other agencies were also recommended to review their performance measurement systems and a strong emphasis on developing inter-regional initiatives was sought to maximise the contribution the UK universities and research establishments make to the UK economy as a whole.

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The technological, economic and catalytic impact of IMEC on the Flemish economy

IDEA Consult examined the impact of IMEC, the Interuniversity Microelectronics Centre, on the Flemish economy. For this project IDEA developed a tailor-made innovative methodology to measure the global impact of knowledge based organisations on an economy, i.e. the technological, the economic and the catalytic effects.

The methodology is organised in three stages. For the IMEC study, the first stage was about quantifying the technological impact by describing the process of knowledge creation and knowledge transfer. Several knowledge transfer mechanisms contribute to diffusing the knowledge generated at IMEC to both private companies and the academic world. In the second stage IDEA Consult estimated the economic effects of IMEC's activities. The economic effects comprise both the direct effect on employment, turnover and value added of IMEC and the indirect and derived effects that are generated upstream through the purchases of IMEC and the spending of employees. All these economic effects also generate a financial return to the government.

Finally, the third stage was about the impact IMEC has beyond these technological and economic effects, the so-called catalytic effects. In the last chapter, IDEA Consult describes how IMEC influences the location choice of companies and how IMEC takes up its role as technological brain port.

The technological, economic and catalytic effects interact with each other. For instance, the R&D efforts of IMEC attract companies to the Leuven area (catalytic effects) or convince others to engage in one of IMEC's research programmes which generates extra turnover for IMEC (economic effects).

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Transport and Mobility

Developing Recommendations for the West Midlands (UK) in relation to regional transport funding

In the UK the process of devolving decision-making to the regional level continues. Each region has been requested to put forward its preferred set of transport schemes to take up the funding earmarked for the next decade or so. ECOTEC was appointed by a consortium of regional partners led by Advantage West Midlands (the regional development agency) to develop the region's preferred package of transport infrastructure schemes. Building on the results of our earlier scoping study, the work involved the development of an analytical framework to assess the likely contribution of competing projects to:

- The region's economic development, social and environmental objectives;
- The performance of the transport system.

A set of decision criteria was developed to combine the results of these assessments and assign schemes to priority bands. A framework was also developed to assess the deliverability of the projects involved over different timescales.

The acceptability of the emerging framework was tested both through workshops with the region's transport authorities and a pilot application to a sample of projects. With minor modifications to take account of feedback and experience from this process, the framework was applied to the 80 or so competing projects being promoted by the authorities. The results were used to develop a recommended programme which was endorsed by the region's decision makers in January 2006.

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Impacts of a user charge for freight transport

The freight transport sector is expanding faster than the rest of the economy. Even during times of recession demand for the transport of goods has continued to increase and given an expanding economy, growth in the sector will be explosive. This is largely due to the globalisation of trade and production. The various levels of government must be mindful of the balance between economic and social interests when developing policy concerning freight transport. Over the last couple of years people have been searching for options to channel the increasing freight transport mobility. Pricing mobility is one of the solutions that it is often considered. Pricing does not only improve accessibility, but it is also a possibility for a more transparent and fair system of payment for infrastructure use.

Freight transport is to a large extent responsible for the costs of maintenance of infrastructure. For the Dutch government ECORYS analysed the economic impacts of internalisation of these costs of freight transport for road, rail and inland waterway infrastructure. Contrary to the present situation this would result in a price per kilometre reflecting the costs of maintenance.

For this purpose ECORYS developed a multimodal transport model to assess effects on freight transport and traffic, effects on (governmental) budget flows and economic effects.

The results of the study show that introduction of a charging system for freight transport by road, rail and inland waterways, which takes into account the variable and fixed infrastructure maintenance and operational costs, would lead to substantial shift from transport by rail and - to a lesser extent - water towards road transport. This is caused by the relative high costs for maintenance of rail and water infrastructure per train and vessel kilometre. Most important benefits would be extra income for the governments from user charges paid by foreign operators and efficiency improvements in transport.

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Assessing the third European Road Safety Action Programme (RASAP)

(RSAP) contains some 60 actions to achieve the European goal of halving the number of road deaths by 2010. In its midterm evaluation of the action programme, the commission has assessed progress in achieving the goal, taking into account the implications of the enlargement of the EU.

ECORYS, together with the Netherlands Research organisation for Road Safety, carried out an impact assessment of the RSAP. The problem analysis determined the aggregate factors behind road accidents, the historic trend analysis of these factors, followed by an analysis of specific problem areas. A gap analysis was carried out and recommendations were drafted to improve the effectiveness of the programme.

The analysis shows that the target for 2010 will most probably not be met without additional actions. By focussing more on enforcement of traffic regulations and on specific problem areas, the effectiveness of the Action Programme can be increased. The analysis helped the Commission to decide how to adjust the current RSAP. The ultimate beneficiaries are of course all road users in the EU.

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Costs and benefits of infrastructure projects in the Netherlands

Transport and mobility problems such as safety, environmental issues, congestion and rising costs are a daily reality. Governments and companies alike look for new ways to deal with these issues. As economic transport and mobility consultants ECORYS Netherlands serves many clients in finding solutions for such issues. Two examples are:

Zeeland Sea Ports - the port authority in Flushing and Terneuzen - has been contemplating investing in a new container facility. Zeeland Province Government asked ECORYS to do a full assessment of the socio-economic costs and benefits for the province. ECORYS assessed the potential future traffic for this new port using a container market share model for North-western Europe. Benefits for owners and users were offset against investment costs and the impacts on the environment. Monetary assessments were made of all impacts on citizens, including major environmental impacts. The assessment showed the potential share of the new container port, in competition with large ports like Rotterdam and Antwerp. The study is being used by the Provincial government to decide on the desirability of the public investment (a decision had not been reached by the time this report was printed).

2005 saw a social and political debate in the Netherlands about a proposed new railway line between the North-eastern provinces and the Western provinces of Holland. The central issue in this debate was whether such a railway line could be an important contributing factor in the economic development of the North-eastern provinces. For the Project Organisation Zuiderzeelijn, ECORYS concluded an extensive cost-benefit analysis of the proposed project, including pre-conditions and effects, differences in effects on regions and a sensitivity analysis. Based on the ECORYS reports and several other studies, in 2006 the Dutch Government decided not to go ahead with the Zuiderzeelijn.

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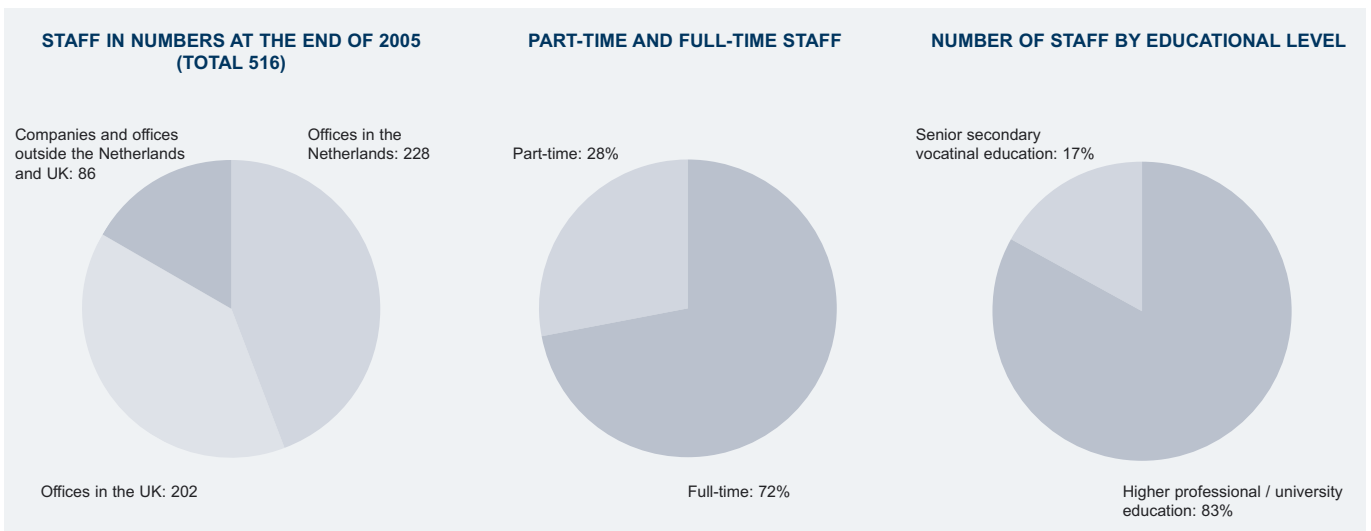
Our People

As a knowledge-based company, ECORYS is very much about people. Our experts strive for the highest quality in their work. They commit to their jobs and the targets set by our clients. And they enjoy themselves. Working for ECORYS is not only about being professional and good at what you do. It is also about fulfilling your potential, growing on personal and professional levels.

In order to continue working to the highest possible standards, it is essential to keep bringing in highly skilled employees and to help them in their personal and professional development. ECORYS employs experts from many different nationalities and cultural backgrounds and provides its staff with the opportunity to working from various European offices.

We stimulate the development of knowledge and skills, not only in-house but also by outside development such as Master's studies. We also ensure that they develop as individuals with wider opportunities both inside and outside work.

In short, our people are our most important asset. For us this is not only a saying, it is reality. On the following pages we give some experiences of one or two of our people



ECORYS has over 550 highly qualified in-house staff working from twenty permanent offices in eleven countries.

Our People



“Contributing to the living conditions of people and societies brings an extra dimension to my work”

Marten van den Bossche
Partner and Financial Director ECORYS Netherlands:

“You have to have been in Banda Aceh and seen the devastation to fully understand the scale and the impact of the tsunami. I have done projects in many poor countries and regions, but this was something different.” Marten van den Bossche talks about his work in Indonesia after the tsunami.

The tsunami of 26 December 2004 had a devastating impact on the Indonesian province of Aceh and particularly on the capital, Banda Aceh. After the tsunami the small regional port of Malahayati, situated near Banda Aceh, became the central supply point for all the necessary aid goods. But the port was badly damaged by the tsunami. The Dutch Ministry of Foreign Affairs decided to finance its reconstruction and asked ECORYS to guide this process from start to finish.

ECORYS Netherlands Director Marten van den Bossche: “After the tsunami, the seaside part of the city of Banda Aceh was completely gone. There was a wide open space for several hundred meters stretching inward from the coast. The city’s big floating power station had been lifted up by the tsunami waves and had been dumped on top of a community, demolishing houses and lives.”

“I have always felt that work should be more than filling my working days and being productive. I want to contribute to improving the living conditions of people and societies. Working for ECORYS I have the opportunity to do projects in parts of the world where I can do just that. The project in Malahayati is a good example.”



Our People



"I feel enormously lucky to work in this team"

"I hope to continue to develop my skills to support the company"

Albina Tsvetkova
Junior Consultant, ECORYS-NEI Moscow

Albina Tsvetkova works for the Moscow office. She has been with ECORYS since 1998 and has been able to develop from secretary to consultant.

"What I like most about working for the Moscow team is the positive working climate. Here, a young employee has to take on very different kinds of assignments. This calls for quick learning and flexibility. My career is a good example. Having started as a secretary with a linguistic background, I was soon motivated to obtain a second university degree. Besides my education, my colleagues have also played an important part in my career. Through working closely with them, I've acquired a great deal of knowledge and skills, which have helped me to climb to my current position as consultant."

Albina feels her work brings her much more than just a sense of productive worth. "My last assignment in Belarus was challenging for me in both a professional and an emotional way. I had to justify EC support of local government organisations in a country that consistently deviates from European democratic values, which was a challenge to say the least.

I feel enormously lucky to work in this team, where people are not only bright and helpful, but are also interested in permanent professional growth. This attitude meets my ambitions perfectly."

Assim Ahmed
IT Specialist, ECOTEC London

Since joining ECOTEC in 2002, I feel that I and the rest of the IT team have played a significant role in improving the efficiency and effectiveness of how IT is used by the company.

As IT specialist, Assim Ahmed helps ECOTEC in three main areas: troubleshooting immediate IT issues, managing IT changes and implementing IT developments. He is the primary IT contact for all members of staff in Cardiff, Brussels and both of the London offices requiring IT support. Assim: "I often find that this aspect of work can help inform my other responsibilities as it can identify recurrent or common issues which may need a more strategic and comprehensive approach for resolution."

Assim has also been involved in many recent office relocations. This has involved identifying the IT needs of teams, and liaising with potential landlords and service providers to ensure that they are able to accommodate these needs. It has also involved the moving of IT hardware between office locations. A third strand to Assim's role is implementing new IT developments, from cable management, to the migration of all the UK based workers onto the new server system. Assim: "I really enjoy my role, and the work that ECOTEC does, and hope to continue to develop my skills and competencies to support the company as it continues to evolve. Also I was pleased that ECOTEC gave me the opportunity to go to live and work in London when I wanted to move there from Birmingham."



"What has been so important over the years has been my colleagues and the whole culture"

Clare Johnson
Director ECOTEC Leeds, UK

"I see you're advertising for a Research Manager. I am very interested in joining ECOTEC as a Research Assistant, would that help you?" That telephone call to Frank Joyce, (Former chairman of ECOTEC) just over 20 years ago was how it all started. Two weeks later I was interviewing recipients about a grant to support tourism in Wales. Since then I've worked on more contracts than I can count, across a wide array of topics and for many different clients. And whilst I've got my particular interests now, there are always new things to grapple with, its part of what makes it work for me.

What has been so important over the years has been my colleagues and the whole culture of ECOTEC. Senior management has always held a very positive attitude to new business ideas and ventures, and been very supportive of staffs' changing circumstances. I have most certainly benefited from this - both professionally and personally. For example, when I became pregnant with my first son we had no maternity policy; I was asked to research maternity policies, and that was how ours came into being.

Some years, and another son later, I had left Birmingham and moved north because my husband had a new job. This, coupled with the regionalisation agenda, provided the opportunity to open an office in Leeds to develop a 'northern market'. Now a Director, my responsibilities include the northern market, co-Direction of the Regeneration and Economic Development Division, and leading ECOTEC's successful quest for ISO9001 certification.



"Every project brings a new learning experience"

Pia Steffens
Consultant Macro and Sector Policies
ECORYS Netherlands

Pia Steffens started working for ECORYS Netherlands after concluding the Graduate Trainee Programme in October 2005. She now works as a consultant at the department of Macro and Sector Policies. From day one Pia has felt right at home in the ECORYS organisation.

Pia looks back favourably on the ECORYS Trainee Programme: "When I read the advertisement for the ECORYS traineeship, I immediately knew this was something I should apply for. The opportunity to do hands-on research on topics with a high social relevance appealed to me very much."

Pia's traineeship lasted for one year, during which she worked for ECORYS in Rotterdam and for ECOTEC in Birmingham. "Through my experiences with the traineeship I now can easily find my way through the entire organisation. Moreover, I was able find out for myself which type of work suited me best."

At the department for Macro and Sector Policies Pia has joined the team for Water and Energy. "Being an economist by trade, I highly appreciate the technical insights I gain through my work in the water and energy sector. In general, every project I do for ECORYS brings a new learning experience."

ECORYS Knowledge and Service Areas

ECORYS Knowledge Areas

Economy & Competitiveness

- Macro-economics and public finance
- Competition and regulation
- Agriculture
- Industry, trade and export
- Knowledge society
- Environment and natural resources

Regions, Cities & Real Estate

- Regional development
- Real estate and location development

Transport, Mobility and Infrastructure

- Transport, Mobility and Infrastructure
- Network sectors

Social Policy and Governance

- Social Policy, employment and income
- Education
- Health care
- Safety
- Governance

ECORYS Service Areas

Research & Policy Advice

- Research
- Policy and strategy formulation
- Feasibility studies

Consulting & Training

- Consulting
- Institutional capacity building
- Delivering organisational change
- Knowledge mobilization, transfer and training

Programme Management and Implementation

- Managing programmes
- Process and interim management
- Project delivery/implementation
- Procurement and legal advice

Communication & financing

- Communication
- Financing

Monitoring & Evaluation

- Monitoring and auditing
- Evaluation

Our clients

Public sector organisations

- National governments
- Government agencies
- Embassies
- Independent administrative government bodies
- Public corporations
- County councils and provincial governments
- Regional authorities and corporations
- Local and municipal authorities

International organisations

- Institutions and organisations of the European Union (EU)
- International financing institutions (IFIs)
- International development organisations

Corporate clients

- Industrial companies
- Consulting firms
- Others, such as housing corporations, property developers, shopping centre councils, institutional and private investors, banks, insurance companies, telecom providers

Non-profit organisations and not-for profit organisations

- Non-governmental organisations (NGOs)
- Educational and vocational institutes
- Administrative bodies
- Interest groups and organisations
- Civic groups, clubs and associations
- Chambers of commerce, commodity boards, aerospace organisations, cultural institutions, medical centres

Financial results

2005 saw a further improvement in the post tax results for the Group, with profits rising by 61% to € 1,424,000 from € 887,000 (2004).

Total turnover increased by € 6.9 million (10%) to € 76.3 million (2004: € 69.4 million). Much of the increase was attributable to payments to subcontractors and consortium partners. The gross profit or net turnover therefore increased by € 0.8 million (2%) to € 38.0 million. Pre-tax profit for the year rose by € 1.0 million (84%) to € 2.2 million (2004: € 1.2 million).

ECORYS Netherlands finished the year very strongly and reported an increase in pre tax profit of 177% over the pre tax result of 2004. ECORYS Netherlands began to reap the benefits of action taken during 2004 to bring costs and

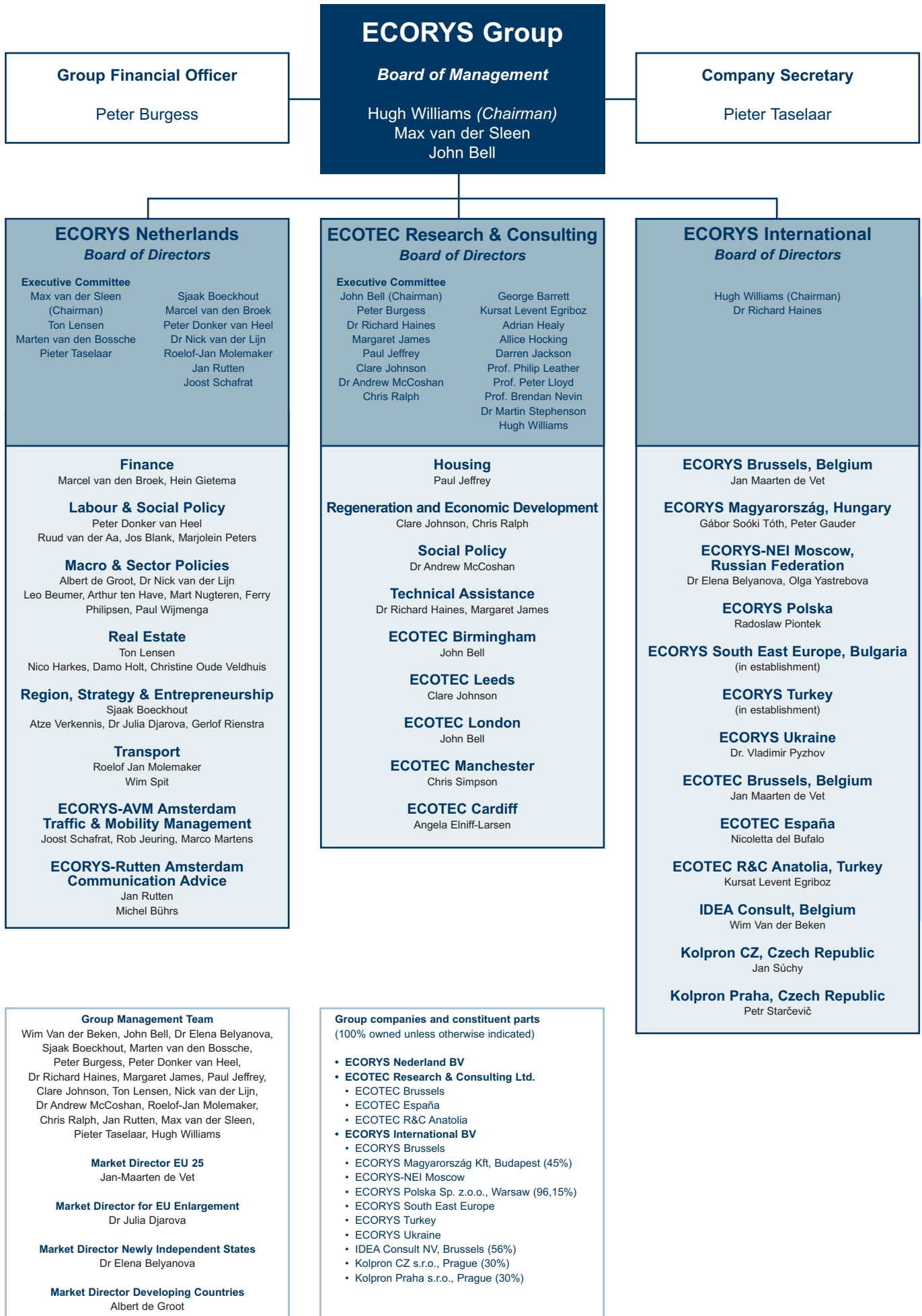
capacity back into line with market expectations. Indicators for 2006 and beyond are very good.

ECOTECH had an excellent 2005 achieving a pre tax profit margin of 8% in line with the target set for the year and a considerable improvement on the 4.4% reported for 2004. During the year the development of the housing policy work initiated during the previous year came fully on stream and helped contribute to a strong increase in net turnover and pre tax profit.

ECORYS International continued to show strong growth in 2005 with both IDEA Consult and ECORYS Polska providing an increase in net turnover and pre tax profits over those reported for 2004.

BALANCE SHEET (IN € 1,000)	31.12.2005	31.12.2004
ASSETS		
Fixed assets		
Intangible fixed assets	1.433	1.651
Tangible fixed assets	3.386	3.623
Financial fixed assets	237	239
Current assets		
Work in progress	10.207	7.531
Debtors	19.252	18.848
Cash at bank and in hand	3.000	4.960
Total assets	37.515	36.852
LIABILITIES		
Equity	8.783	8.479
Minority interests	186	126
Long term liabilities	86	210
Current liabilities	28.460	28.037
Total liabilities	37.515	36.852

PROFIT AND LOSS ACCOUNT (IN € 1,000)	2005	2004
Total turnover	76.283	69.354
Gross profit	38.048	37.208
Salaries and social insurance contributions	26.934	26.630
Other costs	7.527	8.014
Depreciation	1.176	1.275
Total costs	35.637	35.919
Operating profit	2.411	1.289
Results of non-consolidated subsidiaries	21	33
Interest	(199)	(138)
Profit before tax	2.233	1.184
Corporate tax	(746)	(255)
Minority interests	(63)	(42)
Profit after tax	1.424	887



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