

2019 SBA Fact Sheet

NETHERLANDS

Key points

Past & future SME performance¹:

In the Netherlands' 'non-financial business economy', SMEs account for 62.3% of value added, above the EU average of 56.4%. Between 2014 and 2018, the value added of Dutch SMEs rose by 23.6%, slightly above the 20.7% growth of large firms. Between 2018 and 2020, SME value added is expected to rise by an average 3% and SME employment is expected to rise by 0.9%.

Implementing the Small Business Act for Europe (SBA):

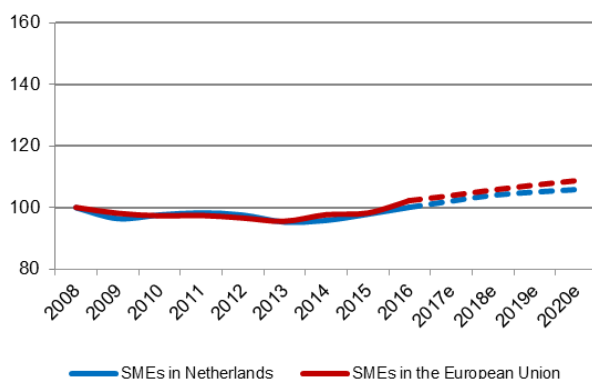
The Netherlands continues to be a strong performer in terms of the SBA principles. It scores the highest out of all Member States on entrepreneurship, the second highest on 'second chance', and the third highest on 'responsive administration'. All the SBA principles for the Netherlands rank above average, with the exception of State aid & procurement. Access to finance has improved since the previous year, now above average too.

SME policy priorities:

Innovation and digitisation are important features of the Dutch SME policymaking environment, along with human capital development and access to finance. In addition to providing substantial support for technology-related sectors, other SME sectors merit policy action. The Netherlands has taken steps to bring innovative practices into its public tendering procedures but larger-scale initiatives may be needed to foster a higher share of SME participation.

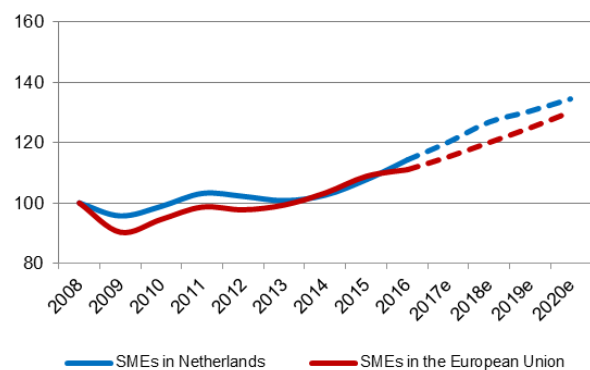
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2017 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2017 onwards)



About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from entrepreneurship and 'responsive administration' to internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. The SBA fact sheets, published annually, aim to improve understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

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1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Netherlands		EU-28	Netherlands		EU-28	Netherlands		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	1,137,686	95.6%	93.0%	1,660,985	28.0%	29.7%	78.0	20.2%	20.8%
Small	41,997	3.5%	5.9%	1,061,186	17.9%	20.1%	67.9	17.6%	17.6%
Medium-sized	9,103	0.8%	0.9%	1,070,443	18.0%	16.8%	94.2	24.4%	18.0%
SMEs	1,188,786	99.8%	99.8%	3,792,614	63.8%	66.6%	240.1	62.3%	56.4%
Large	1,824	0.2%	0.2%	2,148,445	36.2%	33.4%	145.3	37.7%	43.6%
Total	1,190,610	100%	100%	5,941,059	100%	100%	385.4	100%	100%

These are estimates for 2018 produced by DIW Econ, based on 2008-2016 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

In the Netherlands' 'non-financial business economy', SMEs account for 62.3% of value added, above the EU average of 56.4%. SMEs provide 63.8% of all employment in the 'non-financial business economy', below the EU average of 66.6%. As a result, the annual productivity of Dutch SMEs is €63,300 per person, which is 42% higher than the EU average of €44,600. The average number of SME employees is 3.2, slightly fewer than the EU average of 3.9.

Between 2014 and 2018, the value added of Dutch SMEs rose by 23.6%, slightly above the 20.7% growth of large firms. SME

employment increased by 8.4% between 2014 and 2018, lagging significantly behind that of large firms, which generated 18.3% employment growth over the same period. Most recently, from 2017 to 2018, SME value added increased by 5.6% and employment rose by 1.9%.

Between 2014 and 2018, SMEs in the *professional activities* sector generated a 26.3% increase in value added and 10% in employment. This was roughly in line with the increase generated by large companies, i.e. up 28.6% in value added and 11.9% in employment over that period. The sector started

growing again in 2014 after a period of stagnation following the 2008 economic crisis, and growth has accelerated in recent years. In 2017-2018, SME value added rose by 7%, up from an average annual growth of 5.1% in 2013-2017 and the contraction fall of 0.9% between 2008 and 2013. To a large extent, the recent growth of the sector is the result of major government support for innovation in the nine most innovative sectors in the Netherlands². The support includes subsidies, public-private partnerships, and tax incentives. A variety of special programmes are also available to these top nine sectors, to help foster alliances between businesses and research and knowledge institutions, and assistance with developing networks and funding R&D activities³.

Between 2014 and 2018, SMEs in the *wholesale and retail trade* sector generated strong overall growth of 22.7% in value added and 5.5% in employment. Medium-size businesses created the highest increase in value added, at 33.1%, whereas micro and small businesses achieved a 16.7% increase. Sector growth reflects the consistent rise of GDP and household consumption since the economic recovery from the 2008 crisis began in 2014⁴. Much of the positive sectoral dynamics can be attributed to the impact of digitalisation and the development of e-commerce, such as web stores and other online portals facilitating trade. Another driver of this growth has been the entry of foreign-owned companies into the sector.

In 2018, the number of registered firms rose by 82,785 to reach 1,901,397 as at 1 January 2019, up 5% since the previous year⁵. A total of 211,056 new firms were registered in 2018, up 12% since 2017. No fewer than 94% of these new firms were one-person businesses⁶. A total of 128,178 companies were liquidated in 2018, 10% more than the previous year. Nonetheless, the net increase in the number of registered companies in 2018 was the highest since 2007⁷.

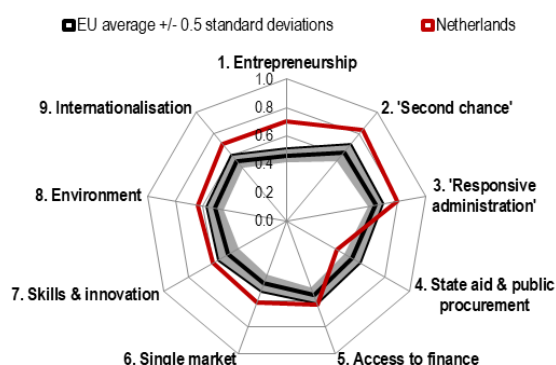
As per the data collected by the European Startup Monitor 2019 project⁸, 74% of the Dutch startups that responded to the online questionnaire were set up by one male founder or an all-male team of founders. 2% were set up by one female founder or an

all-female team of founders. The remaining 24% were set up by at least one man and one woman. In terms of their stage of development, 17% are in the pre-seed or seed stage, 38% in the start-up stage and 45% in the growth stage. Regarding financial aspects, 64% are operating at a loss, 14% currently break-even and 22% are profitable. Of those start-ups that are operating at a loss, 85% expect to break-even in less than 2 years, while 15% expect that it will take them over 2 years to break-even. 50% have a turnover between €1 and €500,000, 24% report having no turnover yet and the remaining 26% have a turnover of over €500,000. They have 10 employees on average, of which around 32% work on a part-time basis. On average they plan to hire 7.5 people within a year.

In 2016, 7,401 companies (12.3% of all companies in the 'business economy'⁹ with at least 10 employees), were high-growth companies¹⁰. This is higher than the EU average of 10.7%. High-growth companies are particularly prevalent in the *administrative and support services* sector, with a share of 20.3% (the second highest in the EU after Ireland) and in the *information and communication* sector, at 19.7% (the third highest EU share after Ireland and Latvia). In 2018, Dutch SMEs in the specialised *knowledge-intensive services* and *high-tech manufacturing* sectors, both of which are usually R&D-intensive, accounted for 34% of SME value added and 34.4% of SME employment, above the respective EU average of 33% and 26%.

SME growth in the Dutch 'non-financial business economy' is forecast to slow down in the coming years. From 2018 to 2020, SME value added is forecast to grow by an average 3% a year and 0.9% for SME employment. This is less than the rise of 5.4% rise in average annual value added from 2014 to 2018, and the average annual increase of 2% in employment over the same period. Consequently, aggregate growth from 2018 to 2020 for SME value added is estimated to reach 6.1% and 1.7% for SME employment. This corresponds to a creation of 66,200 new SME jobs by 2020, accounting for more than a third of all new jobs that are projected to be created in the Dutch 'non-financial business economy' between 2018 and 2020.

2. SBA profile¹¹



The Netherlands continues to rank very highly in all SBA principles. Overall, the country has above-average scores on eight of the principles. It ranks the highest among all Member States on entrepreneurship. On 'second chance' and 'responsive administration', the Netherlands ranks second and third highest. It remains above the average on single market, skills & innovation, environment and internationalisation. A marked improvement on access to finance resulted in bringing its score on this front above the EU average too, though on State aid & public procurement, the Netherlands is still well below average.

After the long period needed to form a government in 2017, which had put on hold new policy implementation, the Netherlands stepped up the pace again in 2018 and the first quarter of 2019 (the reference period for this year's fact sheet). It published the previously announced SME action plan for 2018-2021. This sets out seven main areas for the development of Dutch SMEs: human capital, access to finance, digitisation, innovation, internationalisation, regulatory environment and taxes. The government has allocated an additional €200 million to cover a wide range of measures across all these areas, including the support of regional cooperation.

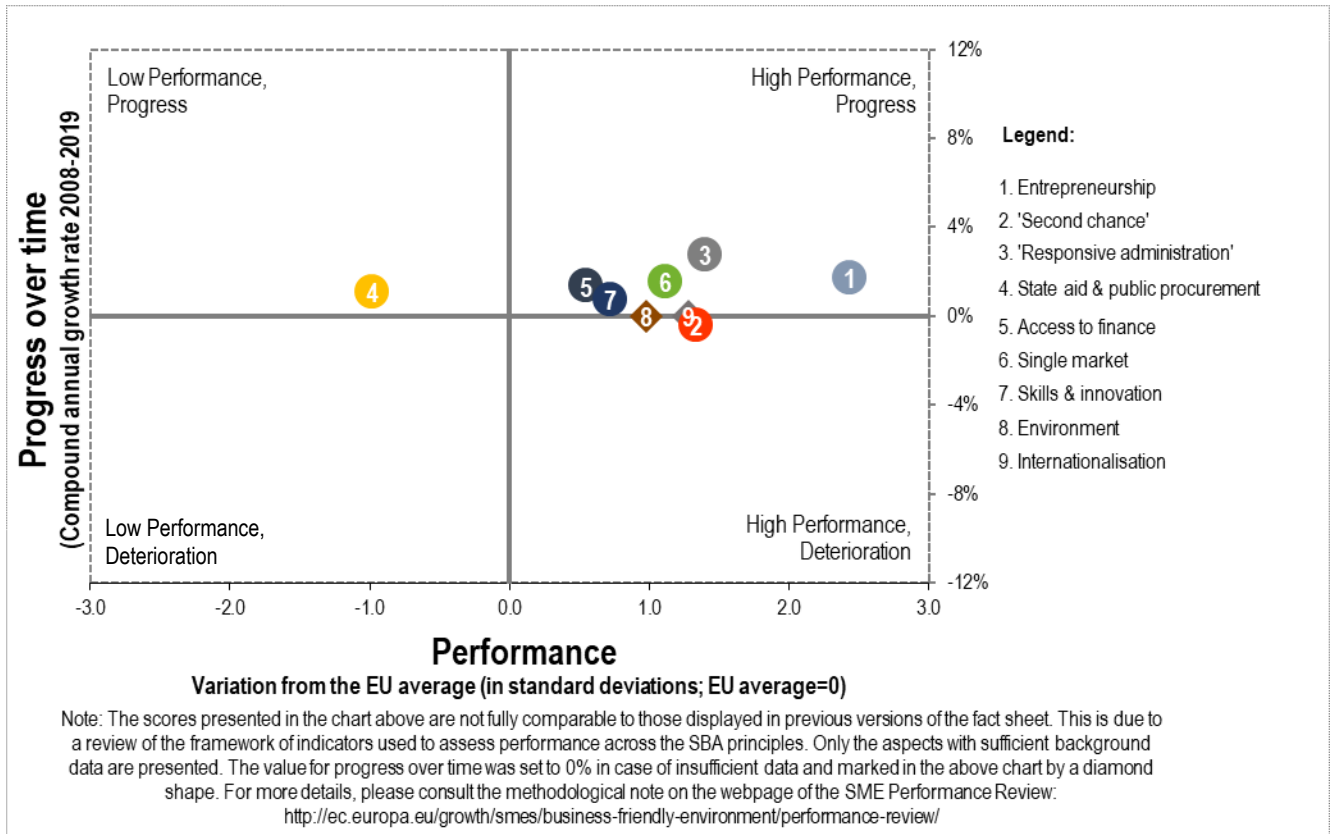
Over the current reference period, the Netherlands started implementing a number of these measures, in particular on access to finance and skills & innovation, supporting new technologies, top economic sectors, and digitalisation.

Innovation & skills development are long-standing government priorities, reflected in the SME action plan that emphasises human capital and digitisation. The Dutch government launched several initiatives, connecting knowledge institutions with the private sector in an effort to create synergies and boost their capacity to innovate. It specifically targets strategic sectors, for instance construction with the Construction Innovation Centre (*Bouw en Techniek Innovatiecentrum BTIC*) and the photon industry with Photon Delta.

The Netherlands has also made progress on other SBA principles. It has adopted several new measures on the environment and internationalisation front. The past year saw a particular focus on the creation of networks and public-private partnerships with the establishment of the International Strategic Board and 'Trade & Innovate NL'. The government facilitated the internationalisation of Dutch businesses by launching start-up liaison support for strategic foreign markets at Dutch embassies. New requirements on energy savings entered into force for SMEs and other organisations. In parallel, the Netherlands runs product idea competitions, such as the Circular Innovation Challenge (*Circulaire Innovatie Challenge*) by the Dutch Water Authorities (*Unie van Waterschappen*) to promote innovative and environmentally-conscious businesses.

Overall, the Netherlands' SBA profile for 2018-2019 is broadly similar to the previous year's results, maintaining its lead in some areas and improving in others. In particular, it continues to focus action on innovation, digitalisation and the development of technology-driven sectors.

SBA performance of the Netherlands: state of play and development from 2008 to 2019¹²



3. SBA principles¹³

3.0 'Think Small First'

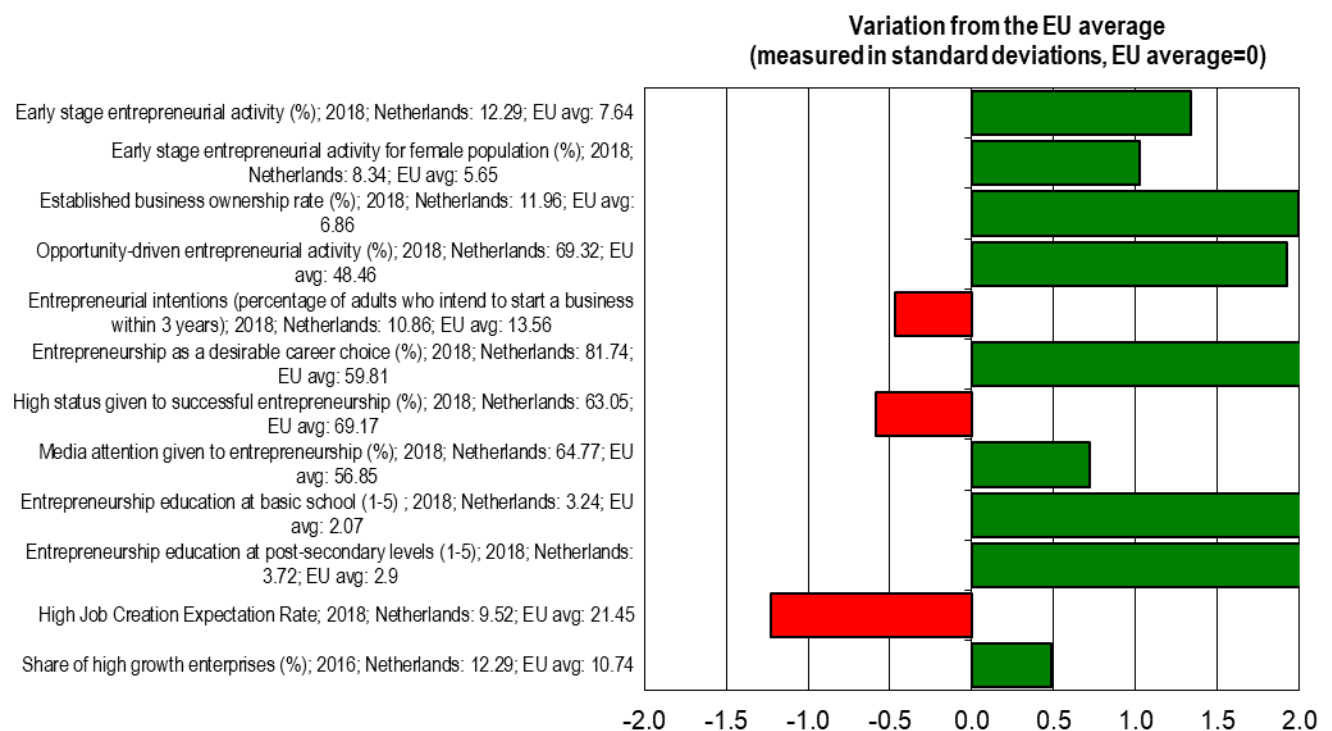
The 'think small first' principle is meant to be a guiding principle for all policy- and law-making activities. It requires policymakers to take SMEs' interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

The Netherlands has made significant progress in this area since 2008. The Ministry of Economic Affairs launched the 'Administrative burden programme 2011-2015', containing provisions on wages, taxes, licensing and start-ups. Its objective was to reduce administrative costs for SMEs by up to 10% over the programme period. In addition, in 2017 it adopted the 'Electronic Invoicing programme' with the aim of reducing the

administrative burden on SMEs and reducing errors in electronic deposits.

Over the reference period, the draft 'Labour Market in Balance Act' (*Wet Arbeidsmarkt in balans*) was tabled for consultation (April 2018). The Act contains significant amendments designed to reduce the gap between employees with permanent contracts and those with flexible ones. The numerous changes include a proposal on termination of contracts on the basis of a combination of grounds, making it easier for employers to lay off personnel. The intention of the amendment is to reduce the risk for employers in hiring permanent staff, and thereby improve the chances for jobseekers to find permanent jobs.

3.1 Entrepreneurship



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Continuing the trend from the previous year, the Netherlands remains the top performer in the EU on entrepreneurship, significantly outperforming the average. The Netherlands has made strong progress since 2008. It scores highest on

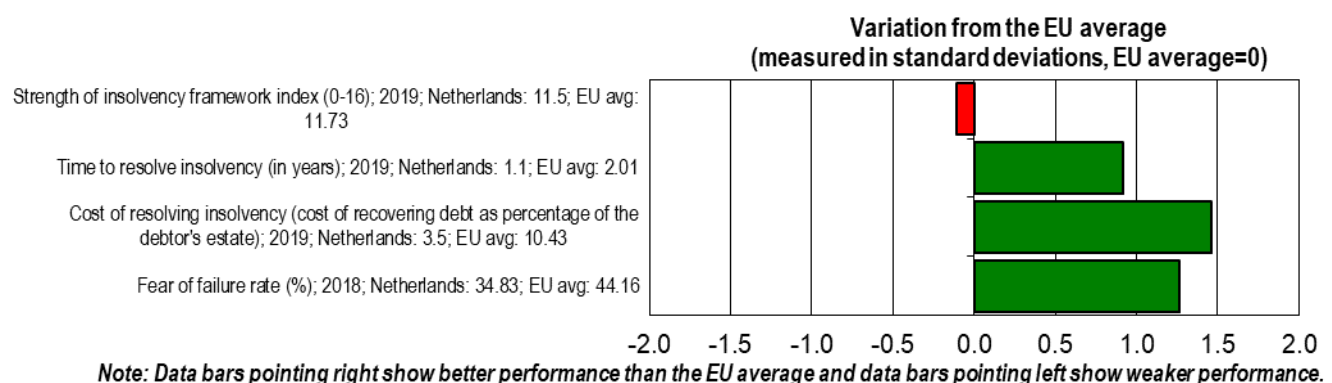
developing an entrepreneurial attitude in both primary and secondary education. In 2018, the number of minors registering a company increased by 30% in comparison with 2017¹⁴. This is line with the Netherlands' ranking as the second highest

performer in the EU on entrepreneurship as a desirable career choice. The government's efforts to promote entrepreneurship through education are also reflected in the improvement of indicators such as the established business ownership rate (up from 8.6% in 2017 to 12% in 2018). Although the indicator of entrepreneurial intentions is below the EU average, it has improved since the previous year (up from 8.1% in 2017 to 10.9% in 2018).

Since 2008, the Netherlands' indicators on the SBA principle entrepreneurship have mainly generated positive results. Traditionally, Dutch entrepreneurship policy has focused on fiscal measures and on including entrepreneurship in education.

Over the reference period, the government and stakeholders have put an even greater focus on including entrepreneurship in education. Examples are collaborations between business and educational institutions to create a practically oriented curriculum for students and to deliver the skills in demand on the labour market. Stakeholders, representing the private sector, have also highlighted the importance of regular dialogue between educational institutions and businesses. In 2018, an 'Entrepreneurship Education' feasibility study was formally announced in the SME action plan, and is expected to be launched by the Ministry of Economic Affairs.

3.2 'Second chance'



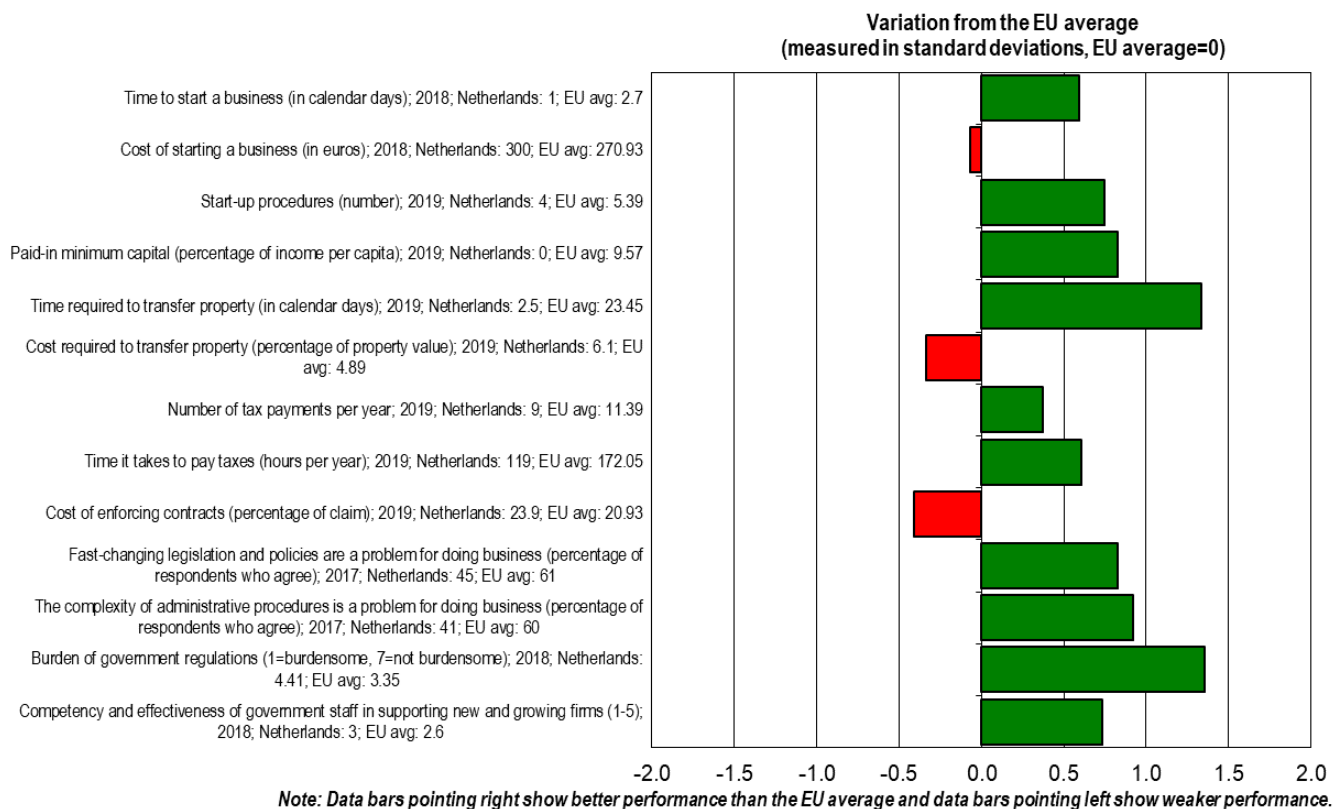
'Second chance' refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. The Netherlands has managed to maintain its above-EU-average performance in this area. As it did the previous year, it ranked second highest, with Finland topping the ranking. Despite being among the leaders in the 'second chance' principle, the indicator on the fear of failure worsened considerably (rising to 34.8% in 2018 from 29.7% in 2017). Nevertheless, it remains the lowest score in the EU in 2018. The Netherlands also has the lowest cost to businesses for resolving insolvency.

The Netherlands has made substantial progress on 'second chance', mainly by making legislative changes. Since 2008, the

government has worked on bankruptcy and fraud legislation. Between 2013 and 2015, it amended several laws on fraud, modernising procedures and the reorganisation of companies. The Chamber of Commerce also launched a 'comeback line' (*KVK comeback-lijn*) to provide honest entrepreneurs with a second chance. The initiative creates an opportunity for entrepreneurs to discuss their specific circumstances with an expert.

The Netherlands did not launch any further measures on this front over the current reference period.

3.3 'Responsive administration'

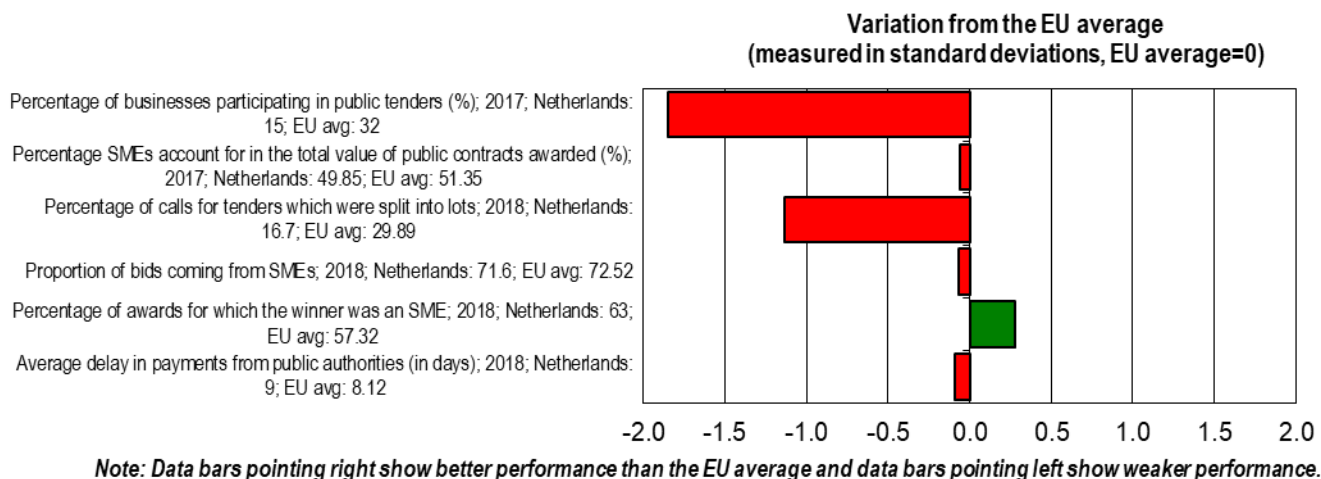


'Responsive administration' refers to the public administration being responsive to the needs of SMEs. The Netherlands continues to rank substantially above the EU average, with the third highest score among the Member States. The country requires no paid-in minimum capital and a company can be set up in 1 day with four procedures (second and third highest score in the EU respectively). At €300, the cost involved to start a business is rather high, unchanged since 2017. Similarly, the cost to enforce contracts still amounts to 23.9% of the claim. In terms of the time it takes to register property, the Netherlands is preceded only by Portugal. It ranks third in terms of lowest burden of government regulation, well above the EU average.

Since 2008, the Netherlands has adopted significant measures on 'responsive administration' and has made substantial overall progress. For instance, the Dutch authorities have taken steps to reduce the cost of starting a business and the number of annual tax payments. In recent years, the spotlight fell on self-employed entrepreneurs and SMEs, with measures launched to provide social protection (collective insurance measures), and to facilitate access to banking finance. The Ministry of Economic Affairs published a draft on self-regulation for the franchise sector.

The Netherlands did not launch any further measures over the reference period.

3.4 State aid & public procurement



Important methodological changes have been introduced for this principle in this year's fact sheet. Three new indicators from the Tenders Electronic Daily (TED) database have been added and refer to procurement above EU thresholds:

- percentage of awards for which the winner was an SME;
- proportion of bids by SMEs;
- percentage of calls for tender which were split into lots.

In addition, the indicator on e-procurement has been removed. Therefore, the overall performance in this area cannot be compared to last year's.

The Netherlands continues to remain below the EU average in this SBA area. The country ranks last in the EU in terms of the share of businesses that take part in public tenders (only 15% in 2017). The new indicators included in this year's fact sheet show mixed results. Fewer than 17% of public tenders were split into lots, against an EU average of 30%. The proportion of bids coming from SMEs increased very slightly from 70.3% in 2017 to 71.6% in 2018, and the share of awards for which the winner was an SME fell markedly from 73% in 2017 to 63% in 2018.

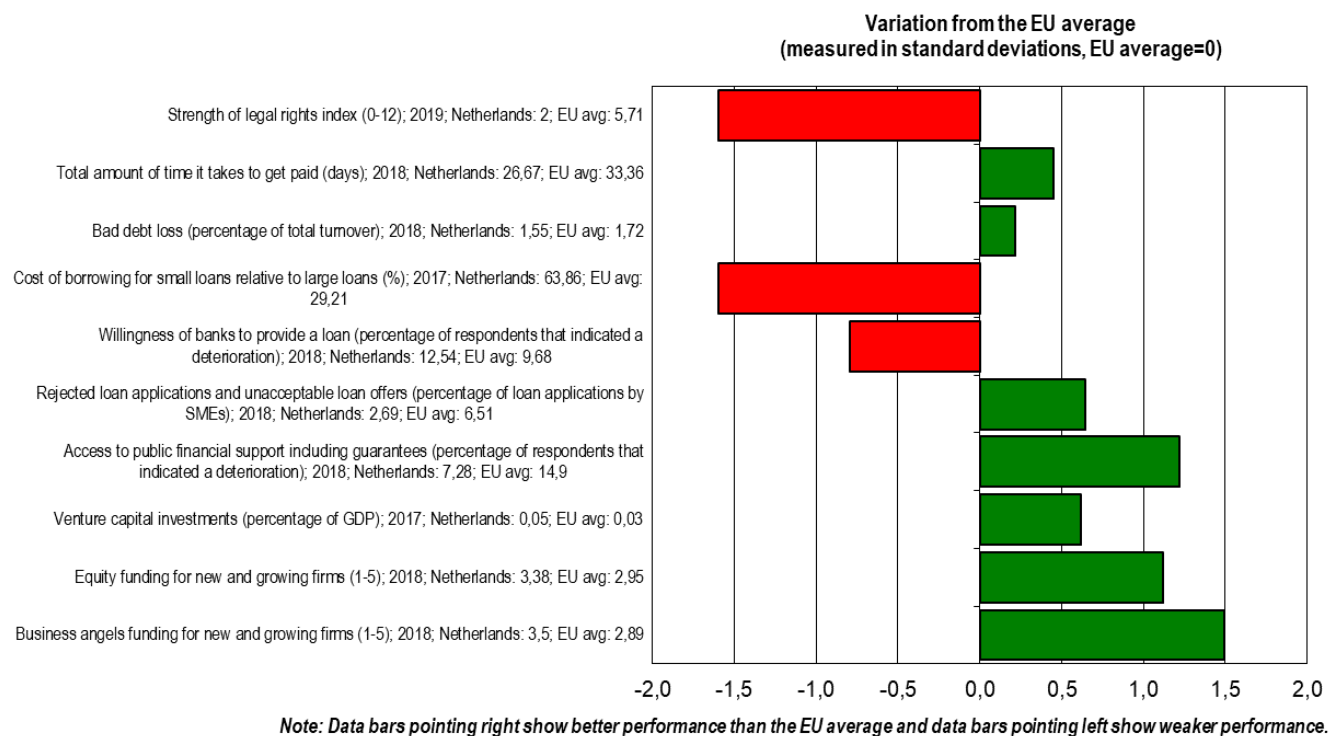
The Netherlands has accelerated progress on State aid & public procurement since 2008, with recent measures put in place to foster progress. The 2012 Public Procurement Act ('Aanbestedingswet 2012') was designed to improve access to public tenders for SMEs. Amendments to the Act were adopted in 2016, transposing the latest EU procurement directives. The Netherlands also designed a proportionality guide to help implement the new concepts applicable to SMEs. In addition, it set up an online platform, TenderNed, to provide better visibility

of government tenders. Recently, the focus has been on improving the quality of public procurement with the programme Better Procurement ('Beter Aanbesteden'). It consists of practical measures to facilitate dialogue between businesses and contracting authorities.

Over the reference period, the Netherlands focused action on innovation in procurement. The public sector sets challenges to innovative businesses by publishing different open 'tasks'. For instance, the Ministry of Health, Welfare and Sport runs a challenge to encourage people to move and use more sustainable materials at sport centres. The Province of South-Holland welcomed start-ups to work on their waterways by the SBIR-approach (Small Business Innovation Research) and the city of Amsterdam invited innovators to be involved in the maintenance of their piers in an innovation partnership.

A broad range of Dutch governments (national, regional and local level) are also setting up 'Start-up in residence (SIR)' programmes. The aim of SIR is to contribute towards a shift in public procurement to innovation. Start-ups with innovative ideas to tackle social challenges can collaborate with various levels of government and work out new solutions for policy issues. The Ministry of Agriculture, Nature and Food Quality, together with the Ministry of Economic Affairs are preparing a joint SIR programme. This practice contributes to making procurement accessible to start-ups and utilising innovation potential rather than discarding it due to lack of experience.

3.5 Access to finance



Netherlands' performance in the SBA principle access to finance is above the EU average, reflecting moderate progress since 2008. Among the best performing indicators in this area are business angel funding for new and growing firms, faring well above the EU average with the highest score in the EU. Compared with the previous reference period, however, the score has slightly declined (from 3.8 in 2017 to 3.5 in 2018). The Netherlands ranks fourth in terms of access to public financial support, with only 7.3% of surveyed respondents perceiving a deterioration in the situation. This is a good result compared with other Member States, however, it has worsened since the previous reference period, when the share of respondents was 5.9%. Although it ranks highly on access to funding measures, the Netherlands has the third highest cost of borrowing for small loans relative to large loans.

Since 2008, the Netherlands has used a range of different measures to improve access to finance for SMEs, specifically access to risk capital. It tackled the financing gap for microcredit by launching 'Qredits' in 2015. The organisation provides loans for SMEs of up to €250,000, focusing on the hospitality, retail and business services sectors. Another measure to improve SME finance is the 'BMKB' (*Borgstellingskrediet MKB*, an initiative tackling the high percentage of businesses having their loan applications rejected).

During the reference period, the Netherlands continued to take action to make seed capital more available. It shifted its focus across different areas and principles towards leveraging the potential of public-private partnerships (PPPs).

Policy measures to support SMEs involve public institutions, business stakeholders, knowledge institutions and more besides.

- The Netherlands launched the Fund for Responsible Business (*Fonds Verantwoord Ondernemen*). The Fund specialises in funding activities, contributing to the international corporate social responsibility (ICSR) of Dutch companies. Its aim is to tackle ICSR risks in their international value chains, providing financing for businesses to apply international OECD CSR-guidelines and map CSR-related risks. With its activities, the Fund supports collaboration between entrepreneurs, organisations active in the social economy, and government authorities, so that they can all work together to create sustainable value chains?
- Though the SEED capital scheme has been active since 2005, the Netherlands put greater focus on this type of funding in 2018. The SME action plan announced the new budget for the scheme, amounting to €32 million annually, and amendments in the tender procedure were implemented. Financing is now available twice per year through a general- and a sector-specific tender. The sector-specific focus fell on agri-food and life sciences in 2018,

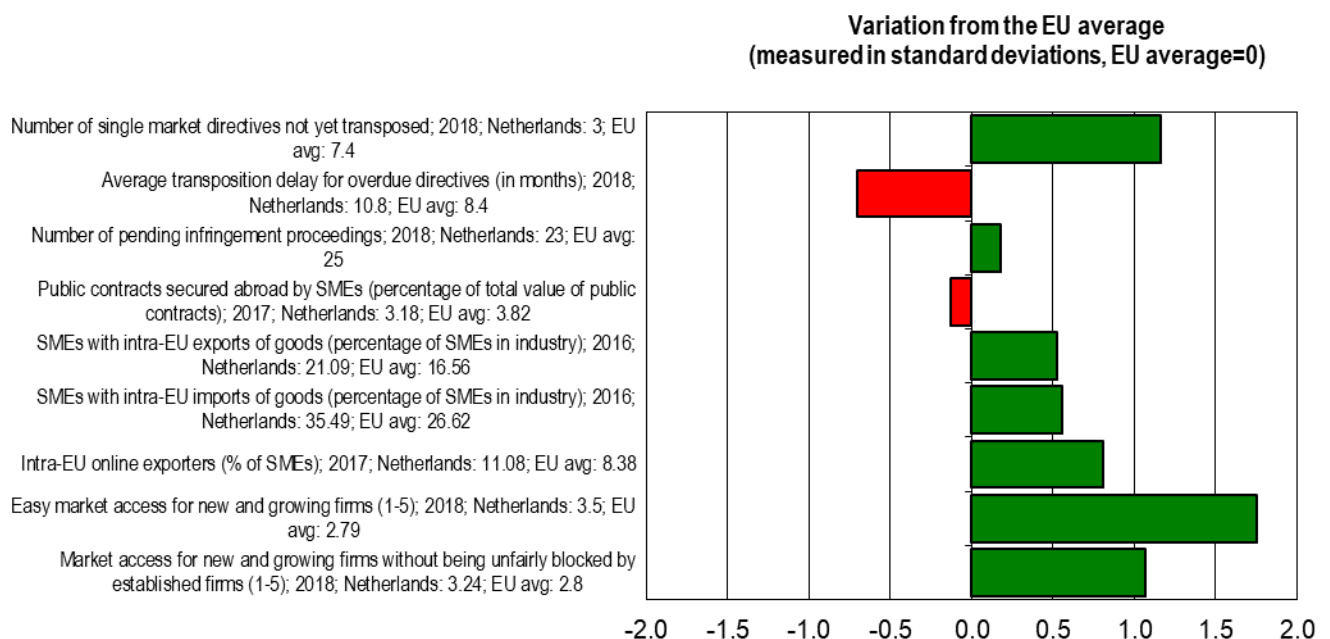
while in 2019 young companies active in clean-tech and renewable energy will be the focus.

- SME-Innovation Stimulation Region and Top Sectors (MKB-innovatiestimulerend Regio en Topsectoren) is a subsidy scheme, specialising in the financing of knowledge-developing activities for SMEs active in selected sectors. Funding is available for feasibility projects, knowledge vouchers and collaboration projects. The supported sectors include agri-food, chemistry, energy, creative industry, life sciences and health.
- Although the majority of new financing policies seem to concentrate on strategic economic sectors (renewable energy, life sciences and health, agri-food etc.), lifting the pledging prohibition (Afschaffing verbod op verpanding) applies to all SMEs. The measure aims to prevent the loss of credit for SMEs, estimated at around €1 billion annually.

Allowing companies to expand the type of assets that can be used as collateral for financing purposes is expected to improve the liquidity of businesses and may give a boost to innovation spending.

- Since the beginning of 2018, start-ups with research and development activities are able to offer stock options as part of the remuneration package for their employees, with only 75% subject to the payroll tax (up to a maximum benefit of €12,500). The Ministry of Finance and the Ministry of Economic Affairs have announced the start of consultations to find the optimal solution to improve the tax rules governing stock options.

3.6 Single market



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

The Netherlands continues to perform well in this SBA area with most indicators showing scores well above the EU average. The country has the highest score in easy market access for new and growing firms. The Netherlands also has the third lowest number of single market directives not yet transposed in the EU. This is in line with improvements made in the average transposition time for overdue directives, which fell from 13.2 months in 2017 to 10.8 months in 2018, still below average, however.

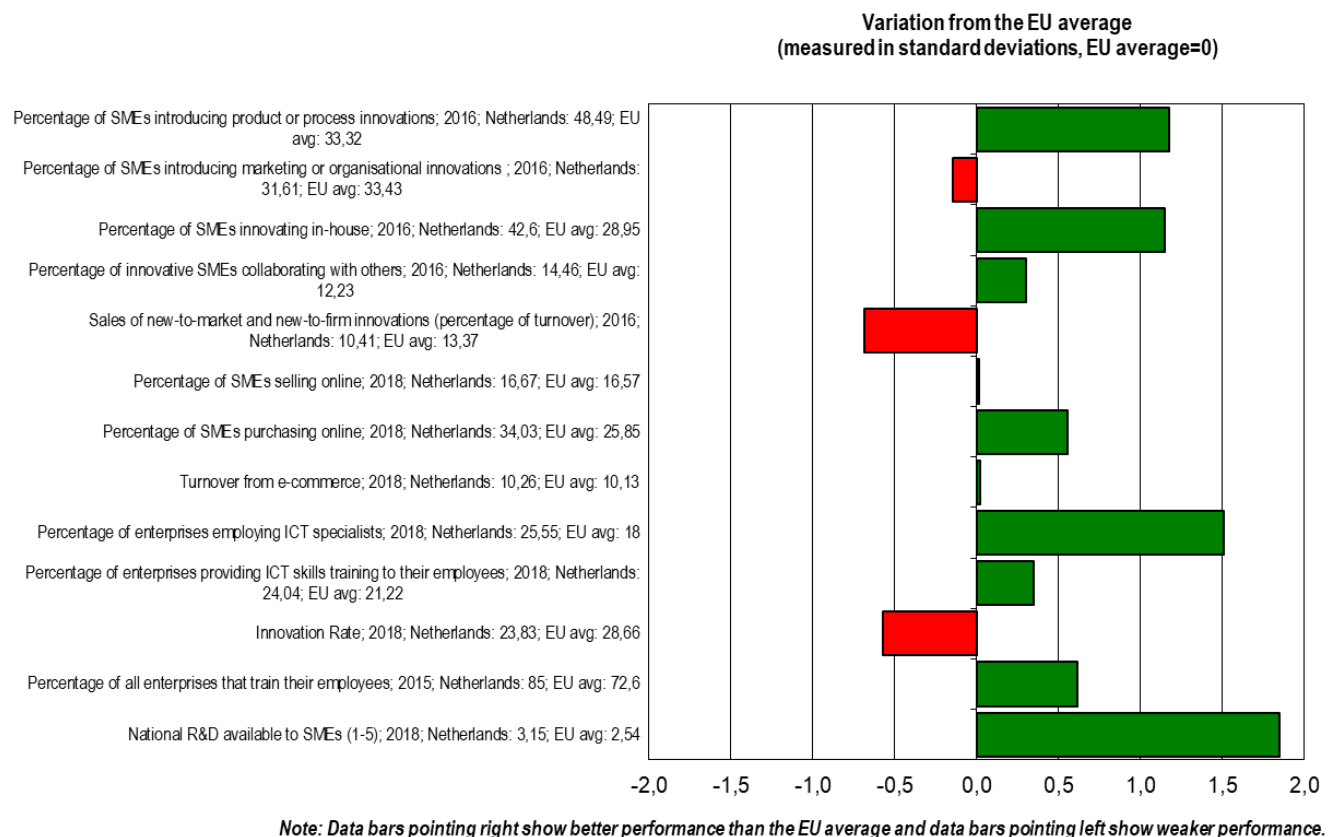
Since 2008, the Netherlands has achieved moderate progress in this area. Though it started in a strong position on this SBA principle, the Dutch government has taken steps to make additional improvements, such as setting up an online platform for SMEs to inform authorities of unfair competition, and the 'Cross-Border Economy and Labour Action Programme', which provides services and information to companies in border regions. The transposition of the 'Late Payment Directive' in 2013 was an additional important step in the area. The Directive sets a maximum payment deadline for invoices for business

transactions, giving companies a legal basis to improve their finances. Furthermore, the website 'betaalme.nu', launched in 2015, aims to ease access to liquidity for SMEs.

Although the Netherlands did not implement any specific additional measures over the reference period on this SBA principle, it runs many initiatives, mainly geared to

internationalisation, that also benefit the development of opportunities offered by the single market. Partnerships and networks that support inter-regional and European-level collaboration between companies in specific sectors, such as Photon Delta (see next section), act as leaders in European associations. This puts them in a unique position to disseminate information on single market policy.

3.7 Skills & innovation



The Netherlands continues to score above the EU average on this front. It achieves the strongest performance in terms of national R&D available to SMEs. It is also among the highest performing countries ranked by the percentage of companies employing ICT specialists. This indicates a solid human capital and potential for innovation and is linked to the Netherlands' strong position in the percentage of SMEs innovating in-house. SMEs in the Netherlands also continue to make more product and process innovations than their EU peers, on average (49% against 33% on average). Nevertheless, there is still room for improvement regarding sales of new-to-market and new-to-firm innovations, which rank below the EU average.

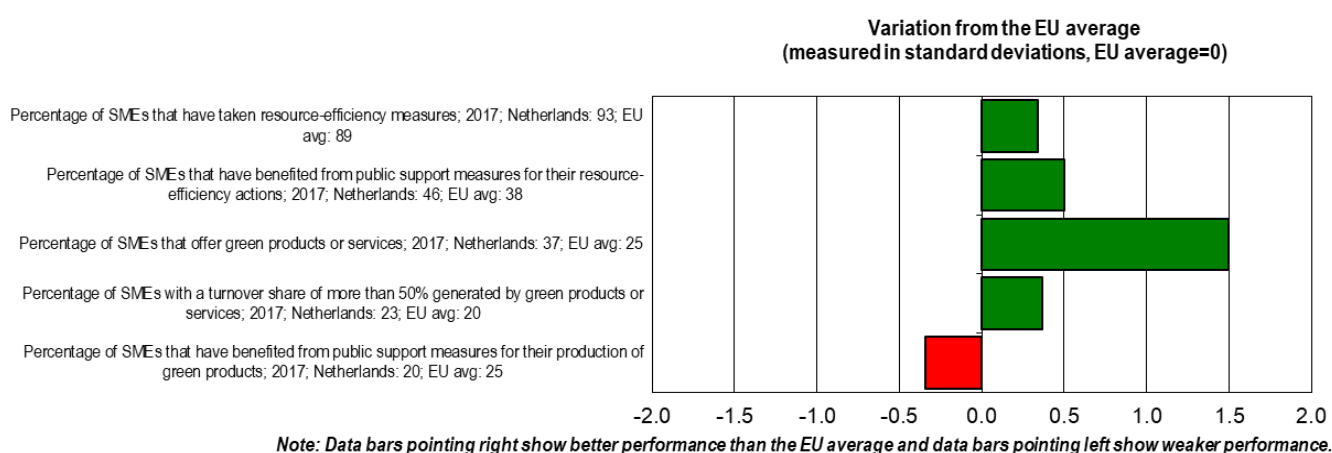
The Netherlands has put a clear focus on skills & innovation policies, achieving very positive results since 2008. It launched the 'Technology Pact' (*Techniekpact*) in 2013. This is a public-private partnership between government, employers, employees, educational institutes, youth representing organisations, top sectors, and regions. The aim is to increase the number of STEM-educated (Science – Technology – Engineering – Mathematics) people and to upgrade the technical and technological skills of everyone. In the pact, the partners agreed to pursue several specific measures to achieve this goal.

The interim evaluation of Horizon 2020 suggested taking a mission-oriented approach to innovation policy. The Dutch government followed this suggestion in its 'mission-oriented innovation policy with impact' (*Missiegedreven Innovatiebeleid met Impact*). Ministries, together with a broad range of stakeholders and the 'top sectors', will develop an integral approach for societal challenges and a targeted innovation agenda that covers the whole 'innovation chain'. It will focus on public procurement and on removing obstructing rules and laws. In their innovation agenda, the 'top sectors' need to ensure value creation and market creation and explicitly involve innovative newcomers. This approach will facilitate market entrance and strengthen innovation networks, which can benefit SMEs. The policy will pay specific attention to the role of SMEs in innovation. One of the first measures is to create the sector-specific programme 'Go-Chem', a one-stop-shop for green chemistry, addressing the whole value chain, including SMEs. This initiative will be followed by a similar one-stop-shop for the creative industry.

The Netherlands launched several measures over the reference period in this SBA area. The majority of new measures concentrate on fostering technology-driven sectors.

- The Dutch government launched an SME action agenda (*MKB-Actieplan*) in 2018. Its aim is to help SMEs address the challenges of the future. It comprises specific measures in a number of areas, such as human capital, financing, innovation and digitalisation.
- 'SME Idea' (*MKB/idee*), which started in 2018 with plans to be scaled up by 2021, is an experimental subsidy scheme. Its aim is to stimulate SMEs to invest more in training and development. SMEs are asked to come up with solutions for barriers encountered when investing in human capital, through a grant subsidy, covering the full amount of eligible costs.
- The Dutch government has stimulated public-private partnerships in vocational education and universities of applied science since 2011, with success. Over 150 such public-private partnerships existed in 2018. More than 50,000 students, 4,000 teachers and 6,000 companies (most of which are SMEs) have participated in these partnerships. The goal of these initiatives is to improve collaboration between society, companies and educational institutes. The partnerships have resulted in an up-to-date curriculum and higher numbers of students enrolled, life-long learning for professionals and innovation projects for companies.
- June 2018 saw the creation of the Construction and Innovation Centre (*Bouw en Techniek Innovatiecentrum*). It is a public-private partnership between knowledge institutions, construction associations, companies and the Ministries of Economic Affairs, Internal Affairs and Transport and Water Management. It was set up to tackle the sustainability challenges of the sector, aiming to establish long-term knowledge sharing programmes to foster innovation. The centre connects the private sector to policymakers, facilitating bilateral communication. It also contributes to the achievement of the Dutch Construction Agenda goals in terms of innovation.
- The Ministry of Economic Affairs published a new National Digital Strategy (*Nederland Digitaal*) in 2018. The strategy is described as one of the government's main policies in its agenda. It sets eight goals for digitalisation in the areas of education, government, health, agriculture, mobility, energy, industry and SMEs. Implementation of the policy agenda will follow a bottom-up approach, with successful regional initiatives scaled up to disseminate best practices and to stimulate cooperation between stakeholders.
- As part of the event 'The Future of Trust Summit 2018', Startup Delta presented a white paper to the State Secretary of Interior and Kingdom Relations on the development of a national blockchain strategy. The document discusses the state of play of the development of blockchain technology in the Netherlands. It also analyses the opportunities and challenges, measuring performance against the global fintech centres.
- Photon Delta is a public-private partnership network, launched in December 2018. It comprises 20 organisations, including businesses, regional governments and the Ministry of Economic Affairs and the Ministry of Agriculture, Nature and Food Quality. The network follows a strategic eight-year plan to accelerate and develop the Dutch photonics industry, with the aim of being a 'one-stop shop' for the manufacturing of integrated photonic chips. It also supports inter-regional collaborations and funding strategies for SMEs.
- The programme 'Redeem your talent' (*talentprogramma 'verzilver je talent'*) is a public-private partnership, launched in 2018 by the Ministry of Economic Affairs, comprising two pilots: Vertical Farming in Greenport Zuid-Holland and FinTech in collaboration with the University of Utrecht. The programme is designed to connect entrepreneurs and students and to generate collaborations. Teachers benefit from the programme as it helps them to develop practical courses and innovation in education. The topics central to the programme are food-tech, health-tech, energy-tech and fintech.

3.8 Environment



The Netherlands recorded an above-average performance on this SBA principle. Though updated indicators are not available, the country has one of the highest shares of SMEs that have taken resource-efficiency measures in the EU — 93% in 2017. The Netherlands also performs well above the EU average in terms of the percentage of SMEs selling green products and services. Nevertheless, the available data show there is room for improvement in the share of SMEs that receive public support measures for producing green products, at 20% in 2017. This is, however, a notable increase since 2015, when the share was only 9%.

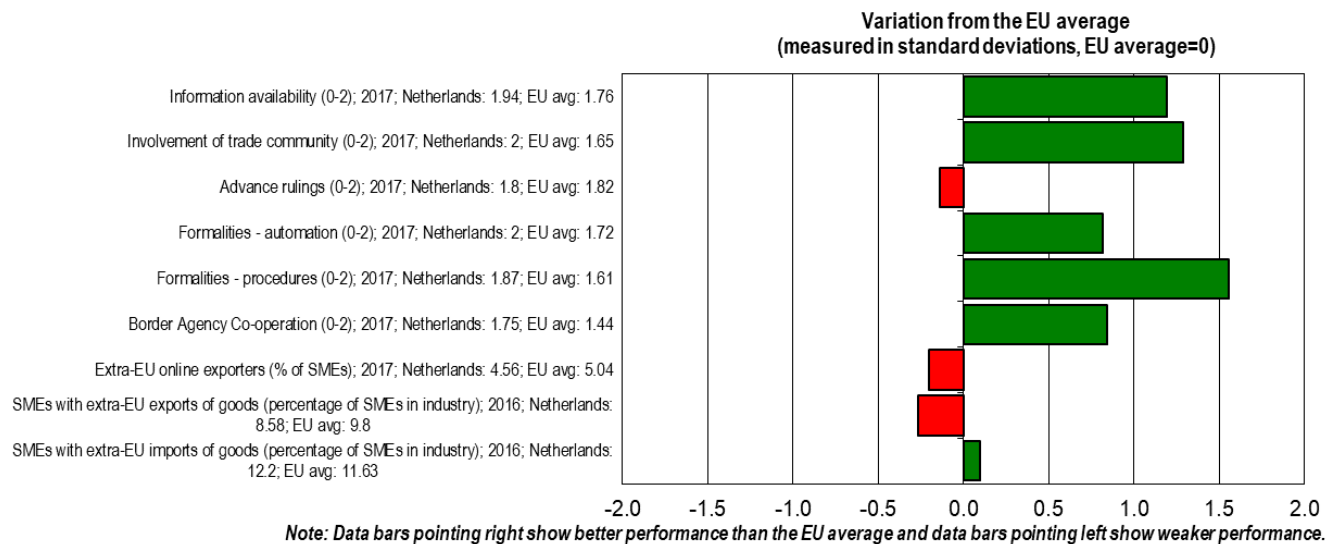
Since 2008, the Netherlands has adopted significant policy measures to support this SBA principle. The country was the first in Europe to launch a circular economy programme, introduced in 2014 and extended in 2016. The Dutch government is committed to accelerating the transition towards a circular economy by formulating 'transition agendas'. These define specific sectors relevant to the sustainable economy (biomass and food, plastics, consumer goods, the manufacturing industry and the construction industry). A significant step in this transition was the government's 2017 Energy Agenda, which sets sustainability goals to be achieved by 2050.

Over the reference period, the Netherlands' ambitious sustainable energy goals continued to play an important role in national politics. In June 2018, it adopted a Climate Act calling for a 49% reduction of greenhouse gases by 2030, and a 95% reduction by 2050. This led in December 2018 to a broad civil agreement between many parties and stakeholders that can contribute to reaching these reduction goals: the Climate Agreement (*Klimaatakkoord*). Five broad sectors are involved:

electricity, industry, built environment, traffic and transport, and agriculture. Specific measures were taken in this reference period.

- A new requirement for energy savings entered into force in January 2019. All companies and public institutions, consuming over 50,000 kWh of electricity or 25,000 m³ of natural gas are obliged to provide information on energy savings measures (*Informatieplicht energiebesparing*). These data are important to establish whether organisations fulfil their energy saving obligations.
- An updated list of energy savings measures (*Maatregelen voor energiebesparing*) was adopted in 2019. Initially covering 7 industries, the list was amended to include 19 industries, thus expanding the obligation.
- The Dutch Water Authorities (Unie van Waterschappen) launched the Circular Innovation Challenge (Circulaire Innovatie Challenge), a competition for innovative companies to compete with their solutions to support a sustainable environment. Companies could compete in two categories of projects: processing biomass from riverbanks for high quality new products and products that prevent shore calving. Successful projects were eligible for funding amounting to €80,000 per project. Such challenges contribute to the circular water management in the country and promote innovative environmental solutions by SMEs.

3.9 Internationalisation



The Netherlands continue to perform above the EU average on internationalisation. Overall, there are no underperforming indicators in this SBA principle, with all either above or in line with the EU average. The country scores well in terms of involvement in the trade community, sharing the highest score with other Member States. It also fares well on availability of information, maintaining its above-average position. Despite an increase in the share of SMEs that export online outside the EU, the indicator remains in line with the average.

Since 2008, the Netherlands has developed a number of policy measures to promote the internationalisation of Dutch companies. For instance, in 2016 the 'Brexite Information Desk' (*Informatieloket over de Brexit*) was set up at the Dutch Embassy in London with the aim to help entrepreneurs navigate through the complex environment ensuing after Brexit, by providing advice and suggestions. In 2017, the 'Team NL' initiative constituted a new strategic policy approach, comprising investment plans for target regions.

Over the reference period, the Netherlands announced the following new measures supporting the internationalisation of SMEs.

- Announced in 2017, the International Strategic Board (ISB NL) was established in early 2018 as a forum for cooperation between government ministries, knowledge institutions and the private sector. The Board's purpose is to facilitate the development of a joint international strategy, joint branding and a joint

multi-annual plan regarding the internationalisation of Dutch businesses. Among its initial assignments was to draft a plan for business expansion in strategic countries and regions.

- Trade & Innovate NL is another cooperation mechanism between government ministries and eight public organisations, representing major cities and provinces in the Netherlands. The initiative focuses on supporting the internationalisation of Dutch companies and is rooted in the conviction that international opportunities can best be unlocked by having a well-functioning collaboration and exchange network in the Netherlands.
- The Joint Innovation Programme with Brazil is designed to facilitate collaboration between Dutch companies and knowledge institutions and their Brazilian counterparts, with a focus on technology. Businesses operating in the bio-economy and health sectors are eligible to apply for grants. The initiative contributes to measures supporting business expansion to non-EU markets, and also fosters research and innovation.
- A number of Dutch embassies and consulates offer start-up liaison support to help Dutch start-ups and scale-ups explore opportunities abroad. The aim of this support is to facilitate potential entry to international markets for companies.

4. Interesting initiative

Below is an example of an initiative from the Netherlands, showing what governments can do to support SMEs.

‘SME Idea’ (MKB Idee)

Investing in human capital is essential for the future resilience of the Dutch economy. Enhancing productivity and driving transitions such as digitalisation or the climate-transition all require investing in people.

Several studies* have pointed out that SMEs are less likely than large firms to invest in education and training for their employees and managers. SMEs, especially in technological sectors, are seen to underperform in terms of investing in human capital.

With SME Idea, the Dutch government is challenging entrepreneurs to propose ideas and, if selected by the advisory committee, to implement them. The business plans for their ideas must focus on removing the obstacles encountered by SME entrepreneurs when investing in training and development of their current and future workers.

SME Idea does not finance training itself. The aim is to encourage entrepreneurs and their employees to invest more in human capital. SME Idea is an experiment: learning what works is one of the main goals.

References:

www.rvo.nl/mkbidee

* e.g. Enhancing productivity in SMEs, OECD April 26 2019.

Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information. Published annually, they help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

<http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

grow-spr@ec.europa.eu

Small Business Act:

http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm

Entrepreneurship and SMEs:

<https://ec.europa.eu/growth/smes>

Endnotes

¹ The two graphs below illustrate the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. As from 2017, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2016 figures from Eurostat's Structural Business Statistics Database. The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover companies in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

² The Netherlands has nine top innovative sectors: horticulture and propagation materials, agri-food, water, life sciences and health, chemicals, high tech, energy, logistics, creative industries.

<https://www.government.nl/topics/enterprise-and-innovation/encouraging-innovation>

³ <https://www.government.nl/topics/enterprise-and-innovation/encouraging-innovation>

⁴ https://ec.europa.eu/info/sites/info/files/ecfin_forecast_winter_1317_nl_en_0.pdf

⁵ https://www.kvk.nl/download/DataBedrijvendynamiekJaaroverzicht2018_tcm109-472548.pdf

⁶ <https://www.accountant.nl/nieuws/2019/2/recordaantal-bedrijven-opgericht-in-2018/>

⁷ <https://www.accountant.nl/nieuws/2019/2/recordaantal-bedrijven-opgericht-in-2018/>

⁸ www.europeanstartupmonitor2019.eu

⁹ Due to data availability, the data on high-growth firms refers to the 'business economy' only, which covers sections B-N including section K (financial activities, except activities of holding companies). The 'non-financial business economy' excludes section K.

¹⁰ In line with Commission implementing Regulation (EU) No 439/2014, high-growth enterprises are defined as firms with at least 10 employees in the beginning of their growth and average annualised growth in number of employees greater than 10% per annum, over a 3-year period. The share of high-growth enterprises is the number of high-growth enterprises divided by the number of active enterprises with at least 10 employees. Source of the data on high-growth enterprises is Eurostat (http://ec.europa.eu/eurostat/web/products-datasets/-/bd_9pm_r2, last accessed 15.4.2019).

¹¹ The 2019 SBA fact sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

¹² The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2019. These are measured against the individual indicators which make up the SBA area averages. Hence, the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2019. All SBA principles, with the exception of the 'think small first' principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

¹³ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2018 and the first quarter of 2019. The national SME policy expert that PwC (DG GROW's lead contractor for the 2019 SBA fact sheets) contracted made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact in the SBA area in question. The complete range of measures the experts compiled in producing this year's fact sheets will be published alongside the fact sheets in the form of a policy database on the DG GROW website.

¹⁴ Tieners hebben steeds vaker een eigen onderneming, <https://www.metronieuws.nl/start/2019/01/tieners-hebben-steeds-vaker-een-eigen-onderneming>, last accessed 12.6.19