



REINTEGRATING WELFARE BENEFIT
RECIPIENTS THROUGH
ENTREPRENEURSHIP IN
THE NETHERLANDS

Rapid Policy Assessments of Inclusive
Entrepreneurship Policies
and Programmes



FOREWORD

Entrepreneurship development is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. The impact of the global financial and economic crisis calls for giving entrepreneurship and self-employment a stronger role in economic and social development policies. Entrepreneurship may be a way back to the labour market for unemployed.

However, the effectiveness of national, regional and local measures and actions to promote inclusive entrepreneurship development in Europe can be hindered by a fragmentation of responsibilities, resources and strategies, and a failure to understand the goals of inclusive entrepreneurship.

This project is part of a series of rapid policy assessment projects on inclusive entrepreneurship that are conducted by the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development (OECD) in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission. This work builds on a collaborative project between the OECD and the European Commission on inclusive entrepreneurship. For more information on this project, please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

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EXECUTIVE SUMMARY

This report analyses the policies in place in the Netherlands to promote inclusive entrepreneurship and business creation amongst the unemployed claiming benefits. It uses the main programme for this target group, the Bbz programme (in full the "Besluit bijstand voor zelfstandigen" or the decision on welfare benefits for entrepreneurs), as the key policy example.

Labour market policies in the Netherlands place a significant emphasis on making sure that more vulnerable groups can also gain access to employment. There are several policies to level the playing field and to help vulnerable individuals to gain benefits and subsidies while also looking for a job. Training and education and job placement activities play an important role here within the overarching policy area of re-integration. The long-term unemployed, seniors, disabled people, and youths form target groups which receive more policy attention within the policy area of reintegration. The Bbz programme falls under this policy area.

The **institutional environment and policy delivery** for entrepreneurship in the Netherlands is generally favourable for promoting entrepreneurship. However there is a limited focus on vulnerable groups. A culture of entrepreneurship has been promoted through the educational system to make this seem a more natural and viable career option. The Bbz programme addresses this gap through education and training for unemployed people wishing to become entrepreneurs and in doing so, contributes to the quality of entrepreneurship. Similarly there is much information available about entrepreneurship in the Netherlands, regarding options for members of vulnerable groups to get into employment or subsidise the establishment of a business. However, despite the information available, it could be framed in a more transparent and easy to understand manner. The administrative complexity surrounding these various schemes and programmes is also an issue as it is not always easy to understand who is eligible for which schemes and which subsidies will be kept or lost upon applying for a re-integration programme such as the Bbz. Though efforts are being made to reduce such an administrative burden it remains an obstacle to entrepreneurs, one which becomes more acute for welfare recipients. Though there is trend to digitise information and government services, amidst administrative and regulatory complexity, a more personalised touch and support still helps (vulnerable) entrepreneurs to guide them through the process of setting up a business.

The focus on **entrepreneurship skills** in the Netherlands is relatively strong. In both the entrepreneurship policy area and within re-integration programmes such as the Bbz, the importance of education and training is evident. The Bbz programme includes a personalised training and education trajectory, complemented by financial support. Coaching and training are generally perceived as useful within the Bbz programme. In the Netherlands generally, the role of education and training in re-integration policies are also noted in other research and evaluations. Entrepreneurship skills are important and receive a good deal of attention, by introducing entrepreneurship more generally into education curricula as a whole.

The educational and financial supports provided in the Bbz are not monitored and evaluated in a systematic, regular manner, making it difficult to come to conclusions, even though the programme seems successful. Apart from information from the Ecorys evaluation from 2011 indicating that participants appreciate the training given, there is little regular, harmonised evidence for this across the different Dutch municipalities. Additionally, while there is much training and support throughout the start-up stages of an enterprise, there is little emphasis on the growth stage, when entrepreneurs need more expertise and support. Finally, an element which could also benefit from attention within the Bbz programme is an emphasis on networking and making connections.

Regarding **access to finance**, there is much information available on different funding and micro-financing possibilities for people wishing to start a business. For instance, the website “Rijksdienst voor Ondernemend Nederland”, the one-stop-shop platform for information on entrepreneurship, lists the various financial instruments available to entrepreneurs. However, the way in which this information is presented is not always clear. Potential entrepreneurs, especially those who are long-term unemployed, are not always certain of which instruments are appropriate to them and for which instruments or policy schemes they are eligible. Thus there appears to be a good range of financial instruments available but the extent to which these can be used by whom remains somewhat unclear, including within the Bbz programme. Furthermore, financial instruments do not generally seem to be targeted at the long-term unemployed who receive welfare benefits, though there are certain programmes such as loan guarantees and micro-financing which can be obtained via the municipality and the Bbz. Finally, there is no uniform monitoring of the way in which financial instruments are used by entrepreneurs across municipalities.

Within this context, the Bbz is generally deemed to be a successful instrument in that it works well and individuals are sustainably helped out of unemployment and the receipt of welfare benefits. Though not all individuals remain in entrepreneurship, the overall effects of re-integrating long-term unemployed individuals are not to be underestimated. Information from both studies and policy briefs as well as the stakeholder workshop demonstrate the added value of the Bbz programme and integration policies towards labour productivity. As a result of the analysis and discussion at the stakeholder workshop the following recommendations are made to improve the programme:

- Support enterprises in the growth stage.
- More qualitative components in the viability tests.
- More emphasis on applicant suitability in information provision and communication of the Bbz.
- More emphasis on networking.
- Provide both digital and face-to-face service and points of contact.
- Make the full range of supports and reintegration programmes clearer in communication and easier to understand.
- More harmonised implementation-level objectives.
- Adopt a more uniform and harmonised manner of monitoring the Bbz programme.
- Tailor Bbz approaches to fit the needs of changing demographics within the target group, for example the greater proportion of people who are highly educated.
- New or adjusted legal definitions of entrepreneurs, employment and other legal admission criteria for programmes.
- More attention and knowledge regarding the Bbz could also be generated within municipalities amongst municipal civil servants, policy makers and programme managers.

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Abbreviations

Bbz	"Besluit bijstand voor zelfstandigen" or the decision on welfare benefits for entrepreneurs
BMKB	SME Guarantee Programme
ESF	European Social Fund
GEM	Global Entrepreneurship Monitor
IOAZ	Programme for entrepreneurship for the over 50s
TEA	Total early-stage entrepreneurial activity
UGP	Business startup Programme (Austria)
UWV	Dutch Employee Insurance Agency

INTRODUCTION

OECD-European Commission rapid policy assessments on inclusive entrepreneurship policy

This project is part of an international series of policy case study reviews on inclusive entrepreneurship policy. These review studies are undertaken as part of a collaborative programme of work between the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development (OECD) and the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

These rapid policy assessments provide a baseline analysis with focus on one of the key target groups of inclusive entrepreneurship policy (i.e. youth, seniors, women, migrants or the unemployed). They examine the nature and appropriateness of existing and proposed policies and programmes with the aim of providing guidance on priorities for future activities in this area, notably activities that can be funded by the European Social Fund (ESF). The analysis identifies gaps in current and planned support, as well as areas where current and planned support can be improved. The recommendations aim to provide assistance to European Union Member States in the design and implementation of policies and programmes for business creation by youth, seniors, women, migrants or the unemployed, through:

- Tailored advice and assessments for individual national or regional administrations in the design and implementation of policies and programmes for business start-up and self-employment, including through European Social Fund (ESF) support: and
- Facilitation of mutual learning among national and regional authorities, stakeholders and practitioners concerned with ESF support from different Member States, through monitoring and comparison of policy and programme approaches, collection and dissemination of good practice examples and provision of tools to support learning networks, events and platforms.

OECD-European Commission rapid policy assessment criteria

The OECD-European Commission collaboration on inclusive entrepreneurship has produced a series of reports and policy briefs that examine the barriers faced by different under-represented and disadvantaged groups in business start-up and self-employment, as well as appropriate policy responses to address these barriers. This work has covered several social target groups, including women, youth, seniors, migrants, the unemployed and people with disabilities. Unemployment has been a key target group of this work programme and actions to support entrepreneurship amongst the unemployed are included in the Missing Entrepreneurs reports (OECD/EC, 2013; 2014; forthcoming).

Based on this work and consultation with international experts, the OECD has developed a list of principles for inclusive entrepreneurship policy (see Box 1). This list of principles is intended to give guidance to policy makers in designing and implementing a comprehensive support system for inclusive entrepreneurship. These principles underpin the analytical framework used in this series of rapid policy assessments.

Box 1. OECD-European Commission rapid policy assessment criteria

1. Generic principles

- Policies and programmes are framed within a broader strategy.
- Outreach to the target group is targeted and sufficient.
- Use competitive selection mechanisms to target intensive support.
- Support provisions are regularly monitored and periodically evaluated for impact and effectiveness.

2. Entrepreneurship skills

- Entrepreneurship education and training for the target group is available and covers pre-start-up, start-up and growth phases.
- Coaching and mentoring programmes are available and provide one-on-one or group support using experienced entrepreneurs and/or business professionals.
- Public policy supports network development within the target group and builds linkages with mainstream entrepreneurs and services.
- Entrepreneurship skills support offerings are linked with financial supports.
- Entrepreneurship skills support offerings are resourced appropriately and those delivering the support are trained.

3. Access to finance

- Information is available about funding opportunities and lender requirements.
- Access to micro-finance is facilitated, either through schemes that are dedicated to the target groups or through enhanced access to mainstream schemes.
- Targeted credit guarantee and mutual guarantee schemes aim to support entrepreneurs from the selected target group.
- Where micro-finance is not available, small grants are available.
- Financial supports are complemented with training and advisory services to develop entrepreneurship skills.

4. Institutional environment and policy delivery

- A culture of entrepreneurship is promoted and supported.
- Information about business creation is readily available.
- Efforts to reduce the burden and complexity of business regulation at all stages of enterprise development are ongoing.
- Opportunities for e-services are pursued, including online business registration and tax filing.
- Ministries, agencies and relevant stakeholders work together.

Project methodology

The OECD-European Commission rapid policy assessments are conducted in two stages. First, desk research is conducted to uncover basic information on the quality of the environment for business start-up and self-employment policy, the levels and nature of start-up and self-employment activities, and the nature and scope of existing policy and programme activities. In a second stage a workshop is held with key stakeholders to discuss the findings. Information for the report comes from the following sources:

- Desk research, examining government strategies, planning documents for existing programmes, evaluations of past interventions, and foreign experience.
- Interviews with key stakeholders.
- A workshop with key stakeholders to discuss preliminary findings and to develop an action plan to fill some of the gaps.

Background to the project in the Netherlands

The Bbz (in full the "Besluit bijstand voor zelfstandigen" or the decision on welfare benefits for entrepreneurs) is an integrated programme of support – training, coaching and finance. The programme is open to those who are unemployed and claiming benefits as well as three other specific groups (those over 55, who have not claimed welfare benefits for the last 10 years, and who already own a business which is no longer viable but can return to viability). The programme is implemented at municipal level even though it is nationally-funded, meaning that actual coverage across the country varies.

This rapid policy assessment focuses only on support to the unemployed.

The history and current status of Bbz gives rise to a number of specific questions outside the more general policy assessment criteria, and these are also examined in the report, specifically:

1. The way in which the programme is financed (the split between national and municipal budgets).
2. Whether it is possible to use the scheme for beneficiaries who do not completely abandon the benefits system (e.g. part time working).
3. Publicity/outreach for the scheme.

NATIONAL CONTEXT

The economic environment is one of the driving forces behind entrepreneurship. Besides the structure and health of the economy in a country, other aspects also influence entrepreneurship. The political context surrounding the issue of (inclusive) entrepreneurship affects what types of policy priorities and initiatives are established. Labour market and employment policies also play a role in inclusive entrepreneurship specifically as such policies help in promoting social inclusion of vulnerable groups. Additionally, the legal frameworks and institutions in place in a country also contribute to entrepreneurship, as does the socio-cultural perception of entrepreneurs. The former includes the level and progression of taxes, the level of administrative burden involved in setting up and running a business, as well as social security considerations, which tend to be less generous for entrepreneurs than for employees. The social perception of entrepreneurship and of how to approach vulnerable groups will also impact the nature of the political discussion and consequent policies developed regarding (inclusive) entrepreneurship. These issues are described in more detail in Annex 1.

The Dutch labour market: recent developments

The labour market was hit by the crisis, with Dutch unemployment fluctuating throughout the past years (see Table 1), reaching 7.6% in 2014. Though lower than for many other EU countries, the economic decline and unemployment rates have contributed to a less optimistic and enterprising

economic atmosphere. Table 2 provides a more detailed breakdown of the education levels of the unemployed; demonstrating an increase in unemployment amongst more educated groups.

Table 1. Unemployment in the Netherlands 2007-2013

Unemployment, percentage of labour force							
	2007	2008	2009	2010	2011	2012	2013
Netherlands	3.2	2.8	3.4	4.5	4.4	5.3	6.7
EU Average	7.2	7.0	9.0	9.6	9.6	10.5	10.9

Source: Eurostat

Table 2. Unemployment by level of education 2010-2014

Unemployment by level of education (ages 15 – 75) , in % of workforce , 2010 - 2014					
	2010	2011	2012	2013	2014
Lower level of education	8.3	7.8	9.3	11.3	12.2
Middle level of education	4.5	4.6	5.5	7.3	7.5
High level of education	3	3.1	3.4	4.2	4.1

Source: Panteia, based on Statistics Netherlands

The ramifications of the crisis also mean that there has been increasing use of social security benefits. As the tables below demonstrate, the constitution of social groups receiving benefits due to unemployment has changed since the crisis. Tables 3, 4, and 5 below show the composition of the group receiving welfare benefits as a consequence of being long term unemployed (in Dutch terms long term unemployment constitutes a period of more than two years without work). Table 3 shows that, while women typically make more use of welfare benefits, the number of men making use of this has been increasing since 2010 along with the numbers of female recipients.

Table 3. Number of welfare recipients by gender 2010-2015

	2010	2011	2012	2013	2014**	2015*
Men	153410	167870	171610	182700	199730	209000
Women	225230	238310	242030	249590	265310	276000
Total	379840	406270	413670	432320	465130	485000

Source: Panteia, based on Statistics Netherlands. Time of recording: May 2015 . *: provisional numbers, **: revised provisional numbers.

Table 4. Number of welfare recipients by background 2010-2015

	2010	2011	2012	2013	2014**	2015*
Dutch national	155290	163710	163350	173070	187980	194000
Western migrant or minority	44850	47200	47370	48990	52750	54500
Non-western migrant or minority	178500	195260	202920	210240	224280	236000
Total	379840	406270	413670	432320	465130	485000

Source: Panteia, based on Statistics Netherlands. Time of recording: May 2015 . *: provisional numbers, **: revised provisional numbers.

Table 5. Number of welfare recipients by age group 2010-2015

	2010	2011	2012	2013	2014*	2015**
Younger than 27 years of age	34350	38850	36180	36560	39410	39000
27 to 45 years of age	136000	146910	151020	188100	178310	186000
45 to 65 years of age	165790	174800	179750	188100	200440	212000
Above 65 years of age	42500	45630	46690	45750	46880	47500
Total	379840	406270	413670	432320	465130	485000

Source: Panteia, based on Statistics Netherlands. Time of recording: May 2015 . *: provisional numbers, **: revised provisional numbers.

General challenges to entrepreneurship

Many of the obstacles faced by socially-excluded groups are felt by entrepreneurs in general. Steps in setting up a business such as locating starting capital, understanding and fulfilling administrative requirements, acquiring appropriate management skills, and finding a market can all form obstacles to someone looking to become self-employed (Eurofound, 2002). What makes these common obstacles to entrepreneurship more acute for vulnerable groups is their higher vulnerability within society. These issues tend, for various reasons, to apply more severely to members of vulnerable groups (Boyland and Burchardt, 2002). Most of the social groups mentioned - youth, seniors, women, migrants, and disabled people - tend to face discrimination on the labour market, making them more vulnerable. This in turn means that members of these groups are more likely to have lower levels of experience and financial capital at hand (Zissimopoulos and Karoly, 2003) and this trend lowers the likelihood of such groups going into entrepreneurship.

Challenges for unemployed people receiving welfare payments

The same general obstacles to entrepreneurship exist for the unemployed, though to more acute degrees. Access to finance, administrative and regulatory complexity and having the appropriate skills and experience can all act as obstacles. Locating capital when one is out of work is particularly problematic. A phenomenon which the unemployed specifically are confronted with is the decline in their human capital once they are out of work. When one is unemployed one loses access to on the job training. Moreover, the longer one is unemployed, the less relevant the experiences built up during a previous job become: the individual finds themselves in a negative, “vicious cycle” in that with increasingly irrelevant experience, finding new employment is difficult (Eurofound, 2002).

The unemployed are exposed to particular risk in that without their welfare benefits, they have little or no other financial income. This makes moving into self-employment more difficult than for the average entrepreneur as gaining access to financial capital is an even larger obstacle. Health insurance and pensions can also, depending on the security system, be jeopardised if one moves into self-employment (MISSOC Database, 2013). As such those people who are unemployed may be less inclined to start a business.

OVERALL POLICY CONTEXT AND DEVELOPMENTS

It is important to note that inclusive entrepreneurship in the Netherlands constitutes an overlap between policy areas, namely entrepreneurship policy on the one hand, and labour market and social inclusion policies on the other. Both these policy areas are relevant to understanding the current approach to inclusive entrepreneurship in the Netherlands. These two areas fall under the competence of the Ministries of Economic Affairs and of Social Affairs and Employment respectively.

Entrepreneurship policy

There has been a shift in the policy focus since 2008 in the Netherlands. After the policy packages "Action Plan Start", "Action Plan Growth", and "Action Plan Transfer" by the Ministry of Economic Affairs, government policy has shifted in its emphasis to ambitious entrepreneurs (Ministry of Economic Affairs, April 2014).

Most work undertaken has concerned improvements in the availability of financial instruments and to a lesser extent, in reducing institutional barriers to entrepreneurship and in improving a culture of entrepreneurship. An evaluation carried out by EIM, now part of Panteia, showed that although the institutional barriers to entrepreneurship are not much higher in the Netherlands than in other countries, efforts have been made to reduce administrative burden and red tape for entrepreneurs. Entrepreneurship culture and the attractiveness of this as a career choice have also been targeted by introducing more education regarding entrepreneurship for instance. This evaluation also established, however, that though progress is being made for entrepreneurs generally, there is not much specific focus on vulnerable groups. Indeed institutional barriers continue to exist for special groups such as foreign-born entrepreneurs and the unemployed (Panteia/EIM, 2008).

In a recent statement from the Ministry of Economic Affairs, the commitment to renewing the attractiveness of entrepreneurship was made explicit. The policy priorities remain relatively similar though the target groups have altered slightly. Ambitious entrepreneurs are now targeted, namely those organisations which are amongst others, dynamic, innovative, fast growing and likely to internationalise. These types of enterprises contribute most to economic growth and labour productivity, and help contribute to social welfare in the Netherlands. The specific policy aims involve improving access to financial capital, fiscal incentives, more education regarding entrepreneurship and further improvements in the information provision and communication with social and governmental partners (Ministry of Economic Affairs, April 2014). In this latest policy statement however, there is no emphasis on extra instruments aimed at vulnerable groups in society.

Labour market policy

The aim of labour market policy instruments in the Netherlands is ultimately to help members of the workforce into employment. Besides labour market policies aimed at the general workforce, there is also a policy area aimed at helping individuals who face more obstacles in accessing the labour market. This policy area is known as "Re-integratie", which translates to **re-integration** or re-employment policy.

Recently, at the beginning of 2015, an important development was made with commencement of the **Participation Law** (*Participatiewet*). The Participation Law has the objective of getting more people back to work and forms an important component of the re-integration policy area. Under this law (partially) disabled individuals and people who are further removed from the labour market

receive more specific policy attention. The municipalities became responsible for getting these individuals back to work. Municipalities help these growing target groups by assisting and motivating them to find work and providing them with income support (Ministry of Social Affairs and Employment - Gemeenteloket SZW, 2015b). This form of participation is one of the spearheads of the current labour market policy of the Dutch Ministry for Social Affairs and Employment.

The rationale behind re-integration and participation policies also applies to the unemployed in that these individuals face more obstacles in reaching the labour market and must be supported. When someone is unemployed they must actively search and apply for jobs within current Dutch labour market policies. The Dutch Employee Insurance Agency (UWV) can help people with this and coordinates the dissemination of employment-related social security benefits. When someone is unemployed for more than a year the UWV defines them as long-term unemployed and they must accept any job that is offered. The unemployed individual can keep a share of his unemployment benefits if the income from the new job is lower than the benefit. This is done to stimulate unemployed people to actively look for jobs, including jobs where they earn less than their benefit (Rijksoverheid, 2015a). There are a variety of specific policy instruments through which someone with a disability or someone who has been unemployed for longer than one or two years, (depending on the particular programme), can engage in work, gain work experience, learn new skills and competences, or having existing skills formally certified.

Policies on inclusive entrepreneurship

The Dutch labour market policies do have areas which focus on specific target groups, such as disabled people, seniors and younger people. However these policy instruments are designed in such a way as to help these individuals overcome their more specific barriers to the labour market. There is no specific focus on entrepreneurship within these labour market schemes. Some adaptations to regulations help to promote entrepreneurship indirectly, but do not have the creation of a business as the prime objective of a policy. There is also a benefit for pregnant woman who have their own business, this can also help and stimulate them in having a business (MISSOC Database, 2013). Recently entrepreneurs were also given more freedom and tax benefits when building up a pension, making entrepreneurship a more secure career option as well (MISSOC Database, 2013). One of the exceptions here is the Bbz programme, which does combine labour market and entrepreneurship policy priorities. The Bbz programme is managed by the Ministry of Social Affairs and Employment.

As well as the Bbz programme there are also instruments to help disabled people to start a business whilst receiving benefits. They can receive a start-up loan and their disability benefit continues in the beginning periods of the business. The UWV can provide a guarantee on loans at commercial banks and can provide loans below EUR 10 000. The UWV can also give compensations for costs disabled persons have to make when they start their own company. Furthermore they can still receive (part of) their disability benefit for a maximum of four years (UWV, 2015).

OVERVIEW OF POLICY SUPPORTS IN THE NETHERLANDS

Overview of entrepreneurship and SME policy instruments

The following section provides an overview of the main policies in the Netherlands relating to entrepreneurship and SMEs. The policies listed and described below are the main initiatives which are in place or are under development. The policies listed are for entrepreneurship in general and are not necessarily tailored to specific, vulnerable groups. There are a few exceptions, policies such as the Bbz programme (for the unemployed on benefits and other target groups), the IOAZ programme (for over-55s who stop being entrepreneurs) and the IkStartSmart initiative (for new enterprises).

The Dutch government acknowledges that SMEs are important for innovation, export and economic growth (Ministry of Economic Affairs, April 2014). The support policies for SMEs are summarised in Box 2.

Box 2. SME Support Policies

Access to finance by SMEs is supported by the national government in various ways. In the context of the *Borgstelling MKB kredieten* (credit guarantee scheme) (BMKB), the government guarantees part of bank loans to SMEs. For smaller credits (up to EUR 150 000), the government has set up in cooperation with banks the organisation *Qredits*. In addition, the development of *new forms of finance*, such as credit unions, crowd funding and SME bonds, are supported through promotion and removing regulatory barriers. Finally, resources are reserved for the set-up of a Netherlands Investment Institution (NII), through which demand and supply of finance are better matched.¹

In addition, support is provided in the **fiscal field**. A reduced corporation tax rate (20% instead of 25%) is applicable for profits up to EUR 200 000. In income tax there are two important allowances for small enterprises: self-employed person's allowance and the business start-up allowance. In addition, there is an exemption for SME profits.

To improve **information** to SMEs on public and semi-public sector related issues and services, a digital and physical *one-stop-shop* point of contact has been set up, called the "Business Link" (Ondernemersplein.nl), which is run by the Chamber of Commerce. Other organisations included are the tax authorities, the Netherlands Enterprise Agency, the Association of Netherlands Municipalities (VNG), Statistics Netherlands (CBS) and the Road Transport Directorate (RDW).

Specific actions are taken to improve the **access of SMEs to the Dutch Top sector policy**², which include for example the establishment of a specific help desk for SMEs, and the creation of a SME innovation scheme for the top sectors (MIT). MIT offers SME support to participate in a top sector, for example with feasibility studies, knowledge vouchers, the hiring of knowledge workers and private-private research partnerships (Panteia/EIM, 2014).

Finally, SMEs can participate in the **generic schemes** of the Dutch business support policy, aimed at all enterprises. The main instruments in the new enterprise policy are the tax credit for R&D-personnel (WBSO), lowering the cost of R&D-personnel, the Research & Development Allowance (RDA), lowering other R&D costs (e.g. investment in equipment, consumables) and the tax relief for innovation (the Innovation box). Through the SME+ innovation fund, strongly growing innovative start-ups can get finance for innovation activities directly or via

¹ Supply includes financial means of pension funds and insurers.

² Besides generic measures for the business sector as a whole (generic policy), there is the Top sector policy aimed at improving the performance of nine key business sectors by building good eco-systems of government, knowledge institutes and businesses.

investment funds.

Action Programme Ambitious Entrepreneurship summary

There has been a shift in the policy focus regarding entrepreneurship from stimulating start-ups and growth of enterprises (the emphasis between 2003 and 2007), towards a focus on top-level sectors. Recently, however, the policy emphasis regarding entrepreneurship aims to focus more on ambitious entrepreneurship. Ambitious entrepreneurs are defined as *those developing a new business or business activity with a view to creating as much new value as possible, which is manifest in innovation, new jobs, internationalisation and growth.*

The aim of the Dutch government is to remove major barriers for this type of entrepreneur. These barriers are: access to finance, access to innovation and knowledge, access of international experts and entrepreneurs to the Netherlands, attractive tax system for growth, access to international markets, access to each other (the social capital and skills of the entrepreneur and how they are used in the enterprise), and a supportive legislative and regulatory framework.

This requires continuity in generic business support policy and specific emphasis on the top sectors policy (see Box 3).

Box 3. SME Policy in the Netherlands

An overview of most important concrete actions taken to release the barriers are summarised here. The following instruments are part of the policy strategy document to be implemented in the coming years: they form policy priorities, although as yet there has been no monitoring report on the progress of their implementation.

Access to finance: Next to a budget for early-stage financing, a co-investment scheme is set up, together with the EIF, for Dutch business angels. In addition, venture capital for innovation in the later growth phase is available via a fund of funds, the Dutch Venture Initiative (DVI) in which the government participates.

Access to innovation: Some of the generic support instruments such as the WBSO and Innovation credit are adapted to improve access by start-ups and fast-growing enterprises. Also actions are taken to connect the activities carried out in the context of the Top sector policy to start-ups.

Access to knowledge: Valorisation and entrepreneurship education are built into the current performance agreements between the Ministry of Education (OCW) and the higher education establishments.

Access to the Netherlands: Innovative foreign start-ups are able to apply for a start-up visa.

Attractive tax system for growth: The customary salary tax bands are adjusted to make them more appealing to SMEs and entrepreneurs. In addition, a new tax regulation for venture capital will be considered.

Access to each other: (the social capital and skills of the entrepreneur and how they are used in the enterprise) Nlevator is started: an ecosystem of and for ambitious entrepreneurs, in which stakeholders and growing businesses are facilitated.

Access to international markets: Support for DutchBaseCamp which connects start-up ecosystems in the Netherlands and supports internationalisation (to the United States in first instance). In addition, a special envoy for start-ups is nominated.

A supportive legislative and regulatory framework: that avoids actions which hamper start-ups and growth.

Overview of labour market and re-integration policy instruments

The Ministry of Social Affairs and Employment has two main policy streams in place which are relevant to the area of inclusive entrepreneurship. These include the Participation law (*Participatiewet*) and the policy priority of Re-integration (*re-integratie beleid*) of people who are further removed from the labour market to get them back to work. In the Netherlands there is a diversity of policy instruments in place under the Re-integration policy, aiming at a diverse set of target groups. However, until recently, there has not been much clarity concerning the full scope of programmes in place or performance of these re-integration tools. Currently there are a number of experimental policy instruments in place in various municipalities and these are being subject to more formalised style of evaluation to establish what sort of elements work within re-integration programmes and why.

Below is an overview of the main re-integration instruments in place, to illustrate the approaches adopted by the Ministry of Social Affairs and Employment:

- **Personal re-integration budget** – PRB: allows an applicant seeking re-integration to gain a budget for re-integration activities from the municipal government. The applicant is given the freedom to choose what shape their re-integration programme takes, what types of skills or training or support they gain. They also have the choice of which re-integration organisation they work with. This re-integration budget allows for a personally tailored plan to get the individual in question back to work.
- **Work first** – municipal governments can implement a Work First programme where applicants are helped into work as soon as possible after they have applied for welfare benefits. Applicants then work with supervision or do temporary subsidised work as a criterion for gaining their welfare payments. This keeps people active on the labour market despite not being fully employed.
- **Trial positions** - *Proefplaatsing* – where a recipient of welfare benefits can work at an organisation or company without earning wages. In this way people who are out of work can still learn new professional skills and competences useful in a future profession.
- **Participation positions** – *Participatie plaatsen* – a slightly stricter programme where recipients of welfare benefits can work for 2 years while keeping their benefits. They work at the municipality or within the private sector under a number of conditions. Such work helps to maintain professional experience and skills as well as learn new ones. In doing so recipients of benefits prepare themselves for a return to the labour market.

Financial **incentives for employers** are also in place as part of the re-integration policy. For instance an employer can receive a subsidy (a *premie korting*) for hiring people who have a handicap which affects their ability to find work. In a similar vein, a no-risk policy can be granted to employers. This covers the healthcare payments an employer would otherwise have to make for their employees' social security entitlements. The UWV helps to judge the levels of the subsidy or no-risk policy. Individuals who are at a distance to the labour market in this context include older unemployed people, long-term unemployed people receiving welfare benefits, people who are registered as looking for work for more than 2 years at the UWV, people who have long-term illnesses, or people with a handicap.

With regarding to entrepreneurship being used as a tool for re-integration of unemployed people receiving welfare benefits who are more removed from the labour market, the only programme in place is the Bbz programme, in full the "Besluit bijstand voor zelfstandigen" or the decision on welfare

benefits for entrepreneurs. While some related steps have been taken recently, such as allowing for more flexible pension build-up for entrepreneurs, which lessens the administrative and institutional pressure on entrepreneurs more broadly speaking, Bbz is the only programme which seeks to re-integrate individuals through entrepreneurship and business creation (Rijksoverheid, April 2015).

Based on a recent evaluation study carried out by the research organisations SEOR, Epsilon Research and Regioplan, several observations have been made at the political level regarding the performance of re-integration programmes (Ministry of Social Affairs and Employment, December 2014). It seems that, ultimately, the contribution of re-integration programmes to the sustainable outflow of people from receiving welfare benefits is, on balance, positive. One of the specific observations is that help in searching for a job and in employment negotiations for people receiving welfare benefits had a positive impact. Additionally, re-integration programmes which involve a mandatory job search period of 6 months led to people finding work quicker than recipients not given this search period. Other interventions such as short-term job-focused education and training had positive effects for welfare recipients in finding work. The Bbz programme was also mentioned as an effective instrument in promoting sustainable outflow from welfare. The policy paper from the Ministry also reiterates the conclusion that the effectiveness of the re-integration programme depends to a large extent on the target group: the point is made that a selective and integrated approach to re-integration is important. The positions of different target groups must be carefully taken into account (Ministry of Social Affairs and Employment, December 2014).

The further development and successful performance of such programmes rests on social and political will and support, on individuals within an organisation who commit themselves to a re-integration programme, internal organisations support for the instrument, having enough participants for an instrument, and to continue the professionalisation and knowledge exchange amongst municipalities. The quality of implementation of programmes at municipal level is thus an area which is receiving increasing policy attention at the national political level.

The Bbz programme: business creation amongst the unemployed

Most of the policy measures in the Netherlands do not focus specifically on target groups such as those who run a higher-than-average risk of being socially excluded. Such vulnerable groups could include seniors, youths, unemployed people, disabled people, ethnic minorities, migrants, and women. The Bbz programme is an exception to the general policy in that, amongst other groups, it has a specific focus on the unemployed who wish to start a business.

Objective and target groups

The Bbz acts as an instrument through which municipal governments help starting entrepreneurs and certain categories of existing entrepreneur by providing training, coaching and financial support. In doing so the ultimate aim is to reduce the number of (nascent) entrepreneurs relying on unemployment benefits. In addition to the unemployed, the programme helps established entrepreneurs who face temporary difficulties to pull through these periods and to help established entrepreneurs with non-viable businesses to bring these to an end. Specifically this includes people over 55 years of age, who have not received welfare payments for at least 10 years, and who already own a business but which is no longer viable (OECD/EC, forthcoming). This policy assessment focuses on the first target group (unemployed claiming benefits) in as far as data and information allows this group to be separated from the others.

The approach for individuals starting a business

For unemployed people on benefits who wish to start a business, the initiative consists of a four-stage programme which applicants must go through, after which they can receive loans in the form of either business capital, or payments to supplement their costs of living.

The stages are as follows:

1. An intake or selection phase which determines whether an applicant proceeds to the second, preparation phase. This selection is done by a client manager (“klant manager”) who examines the entrepreneurial skills of the applicant and the initial idea for a business. Different municipalities emphasise different aspects of the business and the entrepreneur.
2. The preparation phase, where the participant continues to receive benefits and develops a business plan with support from the municipality if necessary. Some regions hire a consultancy organisation for this or build up the entrepreneurial expertise internally. Some municipalities keep a closer watch on the participants through more check-in points throughout the preparation trajectory. Participants can gain training or support from the municipality, though the length of each preparation phase depends on the participant in question. Most do not take longer than a year.
3. Viability assessment of the business: municipalities must first assess this before paying out Bbz-lo (welfare benefits for entrepreneurs/loan for general livelihood): this assessment is legally obliged to happen also 6 months after the start of the programme, again after 12 months, and once again after another 12 months. Around three quarters of the requests get paid out, largely because of the expertise and advice which participants receive during the preparation phase.
4. Loan or grant (either in the form of business capital or a loan for general livelihood). Even after the start-up phase, municipalities may continue to provide support and advice.

Key results

An evaluation in 2011 showed that 51% of Bbz-participants did not receive welfare during the first year of the enterprise, although 9% returned to welfare during the next three years. Even after only 12 months 42% of starters have left the welfare system (Ecorys, 2011). The rate of not receiving welfare after a year was quite comparable with a control group (which did not participate in the programme). The proportion of Bbz-participants who no longer receive welfare benefits after 48 months increases to 74% while for the control group this was 56%.

From the evaluation report, which looked at a pool of just under 8000 people who used Bbz, it became apparent that the programme is effective in getting people into entrepreneurship and the labour market generally. In total, of the 300 000 users of unemployment benefits between 2004 and 2010, 0.6% were helped to start a new enterprise (compared to the national proportion of people who start an enterprise, which is 0.7%). The evaluation report therefore concluded that the Bbz initiative contributes to entrepreneurship and to a sustainable outflow of recipients of employment benefits (Ecorys, 2011).

The project’s budget is variable at the implementation level as the funding which municipal governments receive depends on the number of loans and capital which each municipality provides. The national budget in 2013 was around EUR 13.5 million (OECD/EC, forthcoming).

The Bbz programme is not a cheap initiative. However, in the long run, it is more cost-effective than paying out unemployment benefits to the averaged unemployed person. Within the Bbz, the main costs come from welfare payments to supplement the cost of living: the average cost of a Bbz starter is still around EUR 56 000, discounted across 24 years. For a welfare recipient not in an integration programme this would be around EUR 97 000. The main savings come from the reduced costs of welfare payments.

The sustainability of the outflow from unemployment benefits is also a strong consideration and hence the drive to make people self-sufficient by helping them into entrepreneurship. Should the enterprise fail, these people still remain more attractive and employable on the labour market. Declining employability is a large obstacle for people who face longer term unemployment: as time progresses their attractiveness on the job market also declines and the initiative aims to also counter this phenomenon.

A RAPID POLICY ASSESSMENT OF THE BBZ PROGRAMME

The following section gives a rapid policy assessment of the Bbz programme, focusing on the unemployed claiming welfare benefits, using the OECD rapid policy assessment framework. The Bbz programme and entrepreneurship policy in the Netherlands as whole are examined together. The assessment is based predominantly on desk research carried out for this study and the inputs from an expert workshop held at the Ministry of Social Affairs and Employment with around 20 municipal civil servants and other stakeholders.

General comments from the stakeholder workshop

Stakeholders from municipal governments at the workshop suggested that the rate of successful entrepreneurs is around 2 out of 10 enterprises from within the Bbz compared to generally, 4 out of 10 remain in employment as a whole. This shows that as an activation instrument the Bbz instrument is effective. Often entrepreneurs from within the Bbz are just as successful as entrepreneurs generally, providing evidence for the value of the training and support given. The outflow of recipients of unemployment benefits is sustainable and continued: most do not return to the Bbz.

Municipal differences play a role in how the Bbz programme is implemented. For instance, in some municipalities the Bbz programme receives more management attention than in others. There may be more information available, with specific civil servants working on the programme. In other municipalities the programme is one of several programmes under a single civil servant's authority or competence. Furthermore, the required expertise to provide support and training is not always present in a municipality. This raises the issue of to what degree having such room for diversity is a benefit compared to a more centralised organisation of the Bbz. The Bbz requires a certain degree of specialised interest and knowledge to run effectively. At the implementation level there is room for diversity. However, the level of human resources allocated to the Bbz from within a municipality does not necessarily mean it will be run more effectively: a strategic and efficient method of outsourcing different parts of the Bbz to other organisations can be a very useful approach. A programme manager need not be on the programme full-time to run it effectively.

The institutional environment and policy delivery

Entrepreneurship culture and awareness

The Bbz does not necessarily contribute to a culture of entrepreneurship directly. However, given that there is an educational and coaching element involved in the Bbz programme trajectory, the programme could be said to indirectly contribute to an improved entrepreneurship culture. The quality of the entrepreneurs is believed to rise due to such coaching and education and this has a positive impact on the entrepreneurship environment in the Netherlands.

Looking at entrepreneurship culture more broadly, there has been more policy focus on entrepreneurship across different levels of education from within both the Ministry of Economic Affairs and the Ministry of Social Affairs and Employment. Some 15 years ago entrepreneurship did not have a good name in the Netherlands but this has since turned around to a significant extent. The point is also made that people who have followed entrepreneurship education are less likely to end up in programmes such as the Bbz. Education has also been used to highlight entrepreneurship as a viable career option by increasing awareness about this particular career avenue. Role models have been used to contribute to this as well. Often there is still a distinction between going into entrepreneurship and going into employment which is introduced early on in education.

Information about business creation

Information provision about business creation is a crucial part of the Bbz trajectory. The component of informing nascent entrepreneurs and helping them to develop business plans involve, by definition, the provision of information about setting up a business. The Netherlands has, in 2014, launched a one-stop shop for entrepreneurs as an initiative from the government and social partners (<http://www.rvo.nl/>). The website contains information on starting a business, provides overviews of all relevant laws and regulations, forms of subsidies and the means to apply for them, and an overview of all relevant policy programmes and instruments available to entrepreneurs. The Bbz is also listed on this platform along with other necessary information on starting a business. Despite the information is provided, it is not always immediately clear to a welfare recipient which subsidies or forms of business creation or employment support they are eligible for. As such the way in which the information on business creation is provided through the Bbz programme could be made clearer and easier to understand.

At the municipal level, information provision is also organised through regional meetings for interested parties and stakeholders, as well as potential entrepreneurs. Evidence from the workshop indicates that approaches based on group sessions for information provision appear to work well. Additionally, organising events collectively amongst several municipal governments works well, as do co-financing initiatives. Events where people with expertise can come together and talk to other new entrepreneurs are deemed useful: discussions on taking risks and making mistakes and such are considered good practices.

Business regulation

There has been a trend in Dutch policy priorities for entrepreneurship to reduce the administrative and regulatory burden faced by entrepreneurs. The Bbz programme does not appear to contribute much to this reduction of administrative burden however. Entrepreneurs in general still see administrative complexity as a deterrent to becoming an entrepreneur. Bbz participants often encounter the administrative aspect as particularly intimidating or complicated. The exact reason for

this may vary, but on average one could consider the fact that they start from a more vulnerable position and as such regulations and administration seem more daunting.

E-services

Application forms for the Bbz as well as for other relevant governmental institutions can usually be organised online. These tend to be quite complex on the one hand, but as some discussion participants point out, it only needs to be done once for the Bbz. The one-stop-shop for entrepreneurs in general, and its overview of Dutch policy instruments and programmes, includes the option of submitting applications for these instruments online. The main policy instruments for entrepreneurs have links which lead a person to more detailed information and information on how to apply. In the case of the Bbz, which is implemented by employment or social affairs departments in municipal governments, the manner of applying for the programme varies per municipality. In the case of Amsterdam, with its large public administration, one can fill in a checklist and plan a first advisory talk with the entrepreneurship support desk (Municipal government of Amsterdam, 2015).

Beyond the Bbz, e-platforms are common in the Netherlands for information provision. Employee organisations and labour market organisations such as the UWV are becoming more digital, which is not always desired by people who are unemployed, receiving benefits, or generally wish to gather information regarding their eligibility for different benefits and programmes. Insufficient digital literacy plays a role here amongst some people, but in many cases given the complexity of different regulations, benefits, and administrative requirements people enjoy having a more personal form of support. A personal service provision provides assurance that the correct regulations, administrative requirements and programmes are being used. Therefore, finding a balance therefore between digital information and services and personal service provision is an important goal.

Outreach

In 2013, the Bbz saw some 10 000 applications, of which 4 100 were accepted. This suggests there is a substantial demand for participation in the programme and that potential beneficiaries are aware of the programme. However, despite this demand, evidence from the programme managers at the municipal level indicates that many entrepreneurs and individuals from vulnerable groups are not aware of the programme or of the full extent of what the programme entails, meaning that the Bbz programme is not always recommended when it could be useful to an individual.

The publicity for the scheme is the subject of some debate. This debate appears to rest on the question of to what extent a re-integration programme should be promoted. The scheme costs governmental funds and is meant to help those individuals who have few other employment options left to them (given that the target groups include individuals receiving welfare benefits). Within the issue of to what extent to promote the Bbz, there is further discussion on what exactly to communicate in promotional messages. The fact that the Bbz is not for every individual and what the programme entails are apparently not always clear to potential beneficiaries. Furthermore, by participating in the Bbz, stakeholders indicate that some participants lose other benefits or built up debts in other ways which they then have difficulty in repaying. Therefore it would seem that the contents and stages of the Bbz programme must be made clearer, along with the fact that not everyone will be admitted, but also that upon admittance, it is important to follow advice from the client managers and coaches involved. Besides such content issues, the level and intensity of promotion of the Bbz programme is an issue which remains a subject of discussion.

An important issue is that Bbz is not always suitable for every individual receiving welfare benefits. The promotion and information provided about the programme does not make this clear

however and there is some debate as to what extent this should or should not be made clear. The rationale behind this discussion is that some individuals are less suited to entrepreneurship. For this reason group information sessions for interested potential participants are organised by some municipalities as these often help a person to realise that perhaps the programme is not necessarily suited to them. Municipalities indicate that they try to help each individual by guiding them to whatever programme or instrument is most suited to a person's specific situation, never fully "closing the door" on someone.

Entrepreneurship skills

Entrepreneurship training

After initial screening, the pre-start up and start-up training and education form an important part of the Bbz programme trajectory. Tailor-made education and training programmes are recommended which aim to give each individual the specific skill set they are judged to require by their individual client managers. Once the business plan has been formulated and the business set up, the Bbz also includes viability tests of the enterprises set up. These tests must legally be made before getting the loan and remade after the first 6 months of the business, a second time after 12 months, and a third and final time after another 12 months. Whilst growth is an important goal for enterprises, there is not much specific training on this within the Bbz. The assumption appears to be that if the three viability tests show the business is still operating, the enterprise will continue to function.

At the implementation level, some municipalities (such as Flevoland) provide pre-start training up to a certain maximum budget. Training can also be given in a workshop setting. Evidence from Flevoland indicates that in these workshops potential participants often find they do not feel the programme is suitable for them and search for something more appropriate to their situation.

The workshop discussion also demonstrated recognition amongst Bbz implementers that the growth phase of an enterprise is an area requiring more attention, although some actions have been taken (for example, in the Hague there is specific coaching to companies after the end of the first year). The first reason is that after the setting up and establishment of a business, contextual factors play a role and entrepreneurs must make strategic decisions regarding the management and future of their business. It is at this point, according to stakeholders, that people really need support. Furthermore, Bbz entrepreneurs often only gain their full income from their enterprise after the first few years. More time is needed to get properly going than the Bbz allows for: often it is only after 5 or 6 years that an enterprise is fully viable and leads to income.

Coaching and mentoring

Coaching and mentoring in one-on-one programmes are integral parts of the Bbz. Indeed the individual treatment of cases is seen as one of Bbz's success factors. Across municipalities a common approach is to hire external individuals to conduct training and coaching, though some larger municipalities are developing more in-house talent for this purpose. Concerning coaching and mentoring, Friesland focuses mainly on two phases: entrepreneurship skills on the one hand and the development of a business plan on the other hand, where the latter is often outsourced to a private organisation. In Rotterdam there is an initiative to get established entrepreneurs to support and act as a sounding board to potential or starting entrepreneurs. Students are also used as they can help with activities such as market research and branch analyses, which are technical activities not requiring entrepreneurial experience specifically.

There is some debate concerning the value of more commercially orientated coaches versus trainers from within the municipality. Stakeholders varied in their opinion on this matter though it appears to depend on the training needs of the potential entrepreneurs in question.

Network development

The Bbz programme does not emphasise the establishment of networks amongst other similar entrepreneurs. However, indirectly through the programme trajectory entrepreneurs are able to come together and meet like-minded individuals. The training programmes can sometimes be held in groups so that entrepreneurs meet fellow entrepreneurs. Through the advisory talks, links are made with trainers, individuals to help entrepreneurs with financing, and legal advisors for instance who all help in getting a person ready to start up a business.

When looking generally at the activities municipalities undertake regarding networking, the most common initiatives are entrepreneurship platforms, workshops, and trainers acting as sounding boards. There is increasing emphasis on increasing the support and networking possibilities. Entrepreneurs often desire and have a need for more interpersonal contact with people in fields similar to their own. Due to the digitisation of many different kinds of services, the demand for more personal interaction appears to be growing.

Linking financial and non-financial support

Financial support is a crucial component of the Bbz programme as a lack of financing often forms the main obstacle to entrepreneurs wishing to start a business. This challenge is more acute amongst the unemployed who have even less access to finance for obvious reasons. Therefore, the Bbz's role as a finance and training programme is very important in that it is targeted at unemployed people specifically (together with two other groups of struggling entrepreneurs). Financial support can take various forms and can be granted as gift or as a low-interest loan. Financial and non-financial supports are thus inextricable elements of the Bbz programme and the two are integrated in the Bbz programme trajectory.

The exact way in which the Bbz is implemented depends on the municipality in question. Some larger municipalities can undertake more large-scale promotion and training activities, and can start to develop more in-house expertise on entrepreneurship. Others are smaller and either collaborate together or recruit more external expertise on average. In the case of the large municipality of Amsterdam, the training and viability tests are outsourced. The viability tests tend to be outsourced regardless of the municipality size given that it is a complex process and requires specific expertise.

Monitoring and evaluation

The Bbz programme itself is not monitored in a uniform manner. This is partly attributable to differences between municipalities and how they have implemented the Bbz. Some have specific policy makers and civil servants who work specifically on this programme whilst in other municipalities coordinating this programme becomes a shared task or is given to an individual with other running tasks as well. The impact of the Bbz programme on entrepreneurs are monitored to some extent in that the viability tests carried out after the set-up of a business are seen as check-in moments to see how and entrepreneur is doing. Thus from a participant perspective, the impact of the Bbz is monitored for up to 3 years after a business is set up, but the functioning of the programme as a whole is not monitored uniformly across the Netherlands.

More could be done to understand how and why the programme works across different regions in the Netherlands. Using the same definitions could be a useful first step in harmonising the monitoring of the Bbz programme. Currently, statistics on use and performance across municipalities are not comparable. In an effort to gain more insight into the workings of re-integration and entrepreneurship programmes, the municipality of Rotterdam has opted for outsourcing research into the programme to other organisations. The Hogeschool of Rotterdam for instance studied the success and failure factors of entrepreneurship policy and commissioned a system of monitoring starting and established entrepreneurs. Rotterdam also examines which interventions seem to work when it comes to supporting entrepreneurs and why.

Access to finance

Information about funding opportunities

Information about funding and loan opportunities is provided mainly from a centralised, one-stop-shop website in the Netherlands. This website, *Rijksoverheid voor Ondernemend Nederland*, provides information on the possible subsidies and financial supports which entrepreneurs can make use of, along with further information about each. The website is the product of collaboration between the Ministry of Social Affairs and Employment, the Chambers of Commerce, the Tax Authority, and the agency which implements EU related projects. The Bbz and its financial support are publicised in this way, as well as on other social partner websites. The level of information regarding the Bbz in particular and the financial supports it includes varies depending on the municipal website. In the case of Amsterdam, the municipality provides relatively straightforward information about what kind of amounts are accessible to which types of people. It would appear, however, that the main bulk of information on financing opportunities is provided during the first intake talk when an unemployed person starts the Bbz programme. Some people who are not in the programme tend to find the financial aspect of the Bbz somewhat complex which suggests that the intake talks are important in making the different financial opportunities clear. It may be a source of value added for the programme to have a more uniform, accessible and easy to understand summary of the exclusion and inclusion criteria for the various forms of financial supports possible within the Bbz on municipal websites.

Access to micro-finance

The Bbz programme helps to stimulate access to other forms of financial support, including other micro-financing programmes, where, if necessary, an entrepreneur can be referred to. The Bbz itself supplies certain amounts of credit which can be a grant or a loan, depending on the financial situation of the applicant. Furthermore, other micro-financing programmes exist in the Netherlands, such as Qredits. Qredits is a micro-financing organisation which sustains itself based on interest on loans and microcredits given. It has an acceptance rate of between 20 and 25% regarding loan requests. The organisation is focused however on getting an entrepreneur started and self-sufficient. Therefore, where a payment is missed, within a week Qredits contacts the lender to discuss what the cause of the late payment is and what can be done in an effort to support the lender in question.

Generally in the Netherlands there are two main forms of micro-credits: the first is loan of up to EUR 50 000 which anyone can apply for. The second loan requires a reference letter from a municipality or a rejection letter from a bank and this is known as the SME credit (*MKB Krediet*). Qredits can play a role here as well in helping or referring clients to other sources of financing. It is therefore one of the first stops for entrepreneurs seeking capital and if this does not work they can be referred to the Bbz.

The range of other financial instruments such as business angels and mutual funding are available but not specifically tailored to the target group of the Bbz under study here, namely the long-term unemployed receiving welfare benefits. It appears that much funding for Bbz participants comes from their personal network and family. Generally, however, it appears that the range of financial instruments available to an entrepreneur is still a major issue. Integrating different forms of support across stages of an enterprise may also prove beneficial.

Targeted credit guarantees and mutual guarantees

Guarantee schemes are becoming more common in the Netherlands, with the government putting aside EUR 1.3 million for bank loan guarantees to soften the effects of banks being increasingly strict in their acceptance of loan requests. Furthermore the “*borgstelling MKB*” or SME guarantee programme has also been set up at the national level. The Bbz also includes loan guarantees to banks as part of financing opportunities. However, the extent to which such a guarantee component is integrated in the Bbz programme across all municipalities is unclear.

Grants

Small grants are also available via the Bbz though this is often only the case where an unemployed entrepreneur’s financial situation prevents them from feasibly being able to pay back a loan within the maximum period of 10 years.

A discussion was raised during the workshop concerning viability tests for small enterprises, which often need a smaller loan. A viability test for an enterprise costs some EUR 3 000 (when outsourced) and when a loan is equal to or below this amount such a test may not be worthwhile. However, the argument is also made that regardless of the size of the loan needed, a Bbz participant deserves the training and support based on a sound viability test. When faced with this dilemma it is important to look at what the individual entrepreneur needs at that point and to act accordingly.

Complementary training and advisory services

Financial supports are closely linked with training and advisory elements for new entrepreneurs. The training and coaching elements aim to develop entrepreneurial skills of the Bbz participants precisely so that the business has the best chance of success. Lack of managerial skills, experience and other human resources characteristics, together with a lack of financial input form the main barriers to entrepreneurs. These challenges tend to be more acute for people from vulnerable groups and as such, the Bbz makes a valuable contribution by targeting two of the main problem areas for new entrepreneurs.

Monitoring and evaluation

As is the case for the Bbz programme as a whole, the operation of the enterprises set up are monitored for up to three years after the start of a business. However, the degree of monitoring of financial instruments is not clear. Here again the subject of using more uniform monitoring methods is raised. The stakeholders also indicate that given the increasing implementation competences being decentralised to the municipal level, municipal governments are becoming increasingly concerned with the effects of different spending on programmes. This includes consideration of financial aids, how these are spent and how they perform. Currently there is no clear, systematic picture across municipalities of how financial supports are monitored and evaluated.

Programme financing

The municipal governments receive a budget based on the budget established and allocated at the national governmental level. While the municipal governments now have more responsibility and the precise allocation of funding to the Bbz varies across regions, in 2013 the estimated national budget was EUR 13.5 million³.

Based on research conducted and the feedback from stakeholders, it is clear that municipalities adopt different approaches and considerations when providing financing or loans to Bbz participants. Municipal governments in the Netherlands have the responsibility for implementing a range of policy programmes (under the new participation law or *participatie wet*). There is a given budget for all these programmes and so in some sense, the Bbz instrument competes with other instruments. This can act as a deterrent amongst municipalities to admit people to the programme. Therefore regional governing bodies make choices regarding which programmes they allocate money to and this in turn depends on the demand amongst potential beneficiaries in the area.

While it is good to devolve responsibility to municipalities so that actions can be adapted to local circumstances, the freedom in the current system means that the operation and availability of Bbz varies across the country and that synergies and efficiencies which could be developed between neighbouring municipalities are not always realised. It may be more appropriate for national government to dictate a certain level of service or minimum budget in order to ensure a national service.

Strengths and weaknesses of the Bbz Programme

Strengths

One of the main success factors of the programme is the recognition that each entrepreneur is different. The initiative centres on tailored solutions for the problems and challenges faced by each individual entrepreneur: there are no generalisations made in the approaches taken to help nascent or struggling entrepreneurs. There is room for adjusting the nature of training support and funding depending on an individual's needs. If an individual's needs change this can also be accommodated within the Bbz programme. For instance, if an entrepreneur falls ill and has a loan, the level of the payments can be temporarily altered in response. The integrated nature of training, coaching and financial support is seen as an important strength of the programme.

The three years of support offered by the Bbz programme is seen as strength. The viability test (*levensvatbaarheid toets*) is considered an important component and strength of the Bbz programme. When the viability test shows that a business plan for an enterprise does not look promising, other options are provided for the participant. The exact options depend on the municipality in question, the individual, and their specific needs. A range of employment and activation measures are available across the Netherlands, but the degree to which each is used and implemented varies at the municipal implementation level.

Another strength of the programme is the start-up capital (*Starter's capitaal*). As well as actual financial support to a group who have an acute need for it to start a business, the flexibility of the repayment system within the Bbz is also important. The terms for repaying the loans granted under the Bbz programme consider the performance of the enterprise when establishing monthly payments to

³ <http://www.gemeenteloket.minszw.nl/dossiers/financieel/financiering/actuele-budgetten.html>

pay back loans. This and the freedom which municipalities have in deciding the approach to repayment are considered to be strengths of the Bbz programme.

Weaknesses

It is important to note that not everyone is suited to entrepreneurship. How to communicate this in promotion of and information on the programme is considered a challenge warranting further attention. Additionally, not everyone can start businesses in the sectors or areas they want due to competition and demand reasons.

Some individuals are better off without the Bbz programme: they receive certain subsidies and support and can end up losing these if they enter the Bbz, as there is an interaction between different programmes, regulations and what individuals are eligible to receive. There is also an issue in that failing entrepreneurs end up in new debts. When individuals leave the programme there can be economic and financial ramifications which must be considered.

In some cases, participants are over-ambitious or over-enthusiastic and do not always follow the advice given to them regarding the start of their businesses. The question is whether this is a weakness in the information provision during the preparation phase and how such incidents can be resolved.

The Bbz instrument competes for funding with other policy instruments. Municipal governments have the responsibility for implementing a range of policy programmes, also regarding labour market policies (under the new participation law or *participatie wet*). There is a given budget for all these programmes which can act as a deterrent amongst municipalities to admit people to the programme. This is also related to the dilemma of how much one should advertise and promote what is in many ways also a “safety net”: although entrepreneurship itself is not a safety net, the continued provision of benefits combined with training and financing help are all designed to get welfare recipients back into employment. Hence the instrument is seen by many as a safety net or activation programme and the rationale behind promoting it too emphatically is questioned. This difference in implementation and attitude towards the Bbz is also related to the differences in implementation across municipal governments. Differences in size of the municipalities, the consequent policy objectives at the municipal level, and the funding granted can all differ across regions.

Related to these municipal differences in implementation, a point of attention is that there is a substantial diversity in how aware of the Bbz users, partners involved, banks and even municipal policy makers and programme managers are. There is also a lack in awareness concerning what the Bbz programme entails and the steps involved within it. This in turn affects the quality of programme management and use.

Other interested parties indicate that actually accessing the Bbz programme can be difficult as the screening process varies across municipalities, with some being very strict. An article by the VNO NCW⁴ on the Bbz pointed out that the programme can be rather complex and unclear for applicants, added to which is the fact that municipalities can be reluctant to make the investment.

Certain areas are currently given limited emphasis within the Bbz programme. The growth phase is mentioned as an area where more attention is needed, together with networking. Stakeholders at the workshop indicate that it is at the growth phase that entrepreneurs need help with strategic and managerial decisions, once the enterprise has been set up. Networking is also an important element for new entrepreneurs: meeting like-minded entrepreneurs and exchanging information, experiences and

⁴ An association for SMEs and entrepreneurs which represents their interests at national and European levels

contacts is very useful. Particularly with the increasing digitisation of (public) services in the Netherlands, it appears that entrepreneurs and participants from the Bbz desire more interpersonal contact. While municipalities organise such networking events, the frequency of, and the rationale and approach to networking events differ.

CONCLUSIONS AND RECOMMENDATIONS

The performance of the Bbz programme

The Bbz is generally deemed to be a successful instrument in that it works well and individuals are sustainably helped out of unemployment and the receipt of welfare benefits. Though not all individuals remain in entrepreneurship, the overall effects of re-integrating long-term unemployed individuals are not to be underestimated. Information from both studies and policy briefs as well as the stakeholder workshop demonstrate the added value of the Bbz programme and integration policies.

Some of the **main strengths** of the Bbz programme include the holistic, personalised nature of the financial and non-financial support provided to participants. Other success factors include the role of the viability test in assessing the quality of a business plan, along with the fact that when participants are not admitted to the Bbz, they are helped to find another suitable scheme.

Potential weaknesses were also mentioned, such as the fact that the Bbz programme is not suitable for everyone and that this needs to be communicated better. Another potential weakness is that under the re-integration policy and specifically, the participation law, municipal governments have a set budget for implementing schemes under these policy areas. The lack of attention to the growth stage and networking activities form current potential weaknesses in the Bbz programme which could be remedied. Finally, the fact that no universal style of monitoring is used across municipalities forms a potential weakness within the Bbz as there is little basis for comparing performance and successful approaches, or for identifying areas for improvement within the Bbz.

Good practices from other EU Member States

Besides the strengths and weaknesses observed by stakeholders and within policy literature, examples from other EU Member States can also lend additional insights. Programmes in Austria and Spain are used as benchmarks. Both programmes focus on the unemployed as their target group and take an all-encompassing approach to supporting potential entrepreneurs both through training and financial inputs. Further details of the two programmes are shown in Annex 2.

Some of the main success factors identified for both the Austrian and the Spanish cases are the completeness of the programmes. The provision of both support and training, as well as financial support to help individuals set up a business is seen as a good practice and one which is also considered to be a success factor of the Bbz programme.

The Austrian case considers including more specialised knowledge based on the needs of enterprises in specific sectors. In the Netherlands, some municipalities draw more on external expertise than others, and the extent to which sector-specific expertise is sought amongst established

entrepreneurs is not clear. A good practice to consider for Dutch municipalities may therefore be to also recruit more sector-specific knowledge to support entrepreneurs starting through the Bbz programme.

In the Spanish case, the programme target group includes all those who are unemployed for longer periods of time. A significant proportion of them are women and young people. Additionally, the level of the financial help given depends on each individual's circumstances. Though no formal evaluation of the programme has been carried out, this evidence suggests that the individually tailored programmes work well for vulnerable groups. The emphasis on a personalised approach seems a success factor and should thus be maintained in the Bbz programme as it is a useful practice for helping vulnerable groups which have diverse types of problems.

Recommendations for the Bbz programme

Based on the stakeholder workshop, the main areas for improvement are as follows:

- More attention and support is needed for the growth stages of an enterprise within the programme: this is when entrepreneurs need to make larger and more important decisions regarding the direction of their business.
- The viability tests for an enterprise should consider the chances of success in a more comprehensive manner – current tests are too financially orientated in nature and do not put enough emphasis on, for example, market circumstances, soft skills, and social and human capital.
- It is important to screen individuals to determine whether they are suited to entrepreneurship. Not every applicant is suited to the Bbz programme, and it is difficult to make clear in the public information about the programme that they need a certain level of entrepreneurial skills.
- It should be made clear that no concrete action regarding an enterprise should be taken before a Bbz participant has had a meeting with the client manager. Similarly, the emphasis on entrepreneurial skills and know-how could be increased in the information provision and communication of the Bbz programme.
- Networking should receive more attention within the Bbz programme. Networking is an important element for new entrepreneurs: meeting like-minded entrepreneurs and exchanging information, experiences and contacts is very useful.
- Both digital and face-to-face service should be provided. Service provision such as applications or requests for information is increasingly digitised. Though this is efficient, not every entrepreneur is helped by this.
- The range of re-integration and other support programmes should be communicated more clearly and made easier to find.
- Bbz implementations should be made more transparent by examining the possibility for slightly more uniform and harmonised programme objectives at municipal levels.
- In combination with the point above, a more standardised manner of monitoring across municipalities would be useful as well.

- The demographics of the people applying for the Bbz have changed in recent years: there are more enterprises whose entrepreneurs are highly educated for instance who seek financial assistance and other support via the Bbz. Municipal governments need to tailor group sessions and other trainings to reflect the changing demographics within the rather broad group of Bbz applicants.
- The changing way in which people work could be further accommodated in the Bbz. The legal definitions used as criteria for deciding whether a participant can join a programme could be explored and updated to incorporate new forms of entrepreneurship and new styles of working such as increased levels of part-time workers and flexible contracts.
- More attention and knowledge regarding the Bbz should also be generated within municipalities amongst municipal civil servants, policy makers and programme managers. Currently there is fluctuating focus on this across regions which affects the access and quality of use which can be made of the programme by potential participants.

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ANNEX 1 – ECONOMIC CONTEXT

Economic context in the Netherlands

The Netherlands has historically been an economically strong country. In 2013, the IMF and World Bank both consider the Netherlands to be the 17th largest economy and one of the richest countries in the world with regards to GDP per capita. Before the economic crisis, the Dutch GDP grew on average by around 3% and for decades before the crisis, unemployment in the Netherlands was low compared to the EU average. The Netherlands is one of the best countries of Europe with regard to labour productivity, producing an additional GDP of \$60.2 per worked hour (OECD, 2014b).

The economy in the Netherlands is often categorised as an innovation driven economy, characterised by knowledge intensity, a strong focus on R&D, high levels of services, and an industrial sector which becomes increasingly diverse (OECD, 2014a).

The Dutch economy has, however, (along with other European Member States), felt the effects of the financial crisis. Table 6 shows that GDP growth has declined since 2007 and has continued to fluctuate since 2010. Current forecasts by the EU anticipate small levels of growth in GDP for the coming years, increasing from 0.7% in 2014, to 1.7% in 2016.

Table 6. GDP Development in the Netherlands, 2007-2013

GDP growth, annual percentage							
	2007	2008	2009	2010	2011	2012	2013
Netherlands	4.20	2.08	-3.30	1.07	1.66	-1.59	-0.73
EU Average	3.07	0.48	-4.41	2.13	1.76	-0.40	0.06

Source: World Bank

Entrepreneurship in the Netherlands

Entrepreneurship is still considered to be a valuable aspect of the Dutch economy, with SMEs accounting for 67.3% of employment and 61.6% of value added in terms of GDP. Indeed when compared internationally the Netherlands has tended to rank highly in terms of entrepreneurship levels (Global Entrepreneurship Monitor (GEM), 2014).

Dutch enterprises are also quite innovative, with 44% of early-stage entrepreneurs reporting that their products were new to all or some customers. The perceived competition amongst entrepreneurs is also relatively high, with around 50% of entrepreneurs stating there are many business active in their area and around 43% saying that there are a few. As such the GEM report for the Netherlands also concludes that Dutch entrepreneurship is innovative and competitive. Concerning more established entrepreneurs (i.e. those with businesses older than 3.5 years), similar levels of innovation and perceived competition are reported. The tables below also demonstrate that when compared with international averages, the Netherlands continues to perform well within innovation-driven economies.

Dutch SMEs tend to be concentrated in the knowledge-intensive and service sectors. Evidence from the Global Entrepreneurship Monitor (henceforth the GEM), highlights how business services

and consumer services together constitute 75% of Dutch early-stage entrepreneurship, which is above the EU average. The tables below provide some further insight into how the total early-stage entrepreneurial activity rate (TEA) has developed in recent years.

Table 7. TEA rate in the Netherlands 2007-2013

Total early-stage Entrepreneurial activity rate (TEA)								
	2007	2008	2009	2010	2011	2012	2013	2014
Netherlands	5.2	5.2	7.2	7.2	8.2	10.3	9.3	9.5

Source: Global Entrepreneurship Monitor, 2014

Table 8. TEA rate compared internationally 2013, percentage of adult population aged 18-64

	OECD	EU	The Netherlands
TEA	8.5	8.0	9.3
Nascent entrepreneurship	5.2	4.8	4.7
New entrepreneurship	3.4	3.3	4.8

Source: Panteia/GEM APS 2013. Unweighted averages

Characteristics of Dutch entrepreneurs

In the Netherlands entrepreneurs are most commonly between 25 and 34 years of age. Around two thirds are men while one third are women, as can be seen in Table 9 below. Most early stage entrepreneurs also have a secondary degree regarding their education level, though the number of entrepreneurs with higher levels of education has been increasing during recent years, especially amongst women entrepreneurs.

Table 9. Demographic features of Dutch early-stage entrepreneurs

Demographic feature		Early-stage entrepreneurs
Gender	Male	63%
	Female	37%
Age	18 - 24 years	11%
	25 - 34 years	27%
	35 - 44 years	27%
	45 - 54 years	26%
	55 - 64 years	10%
Education	None (including some secondary school)	17%
	Secondary degree (middle school diploma)	41%
	Post-secondary (HBO)	25%
	Graduate degree (Universiteit)	16%

Source: Panteia, Arbeidsmarktpositie van zzp'ers, 2014

A majority of entrepreneurship is driven by opportunity (the perceived benefits of being an entrepreneur) rather than necessity (the lack of an alternative) and this has been consistently the case, even in the years of the financial crisis.

Table 10. Motivation for the decision to be entrepreneurially active (TEA), the Netherlands 2008-2013, percentage of adult population aged 18-64

Motivation	2008	2009	2010	2011	2012	2013
Opportunity-driven entrepreneurship	4.3	5.0	6.1	7.0	8.6	8.1

Necessity-driven entrepreneurship	0.5	0.7	0.6	0.7	0.9	0.7
Other motivation	0.4	1.4	0.5	0.5	0.8	0.5
Total	5.2	7.2	7.2	8.2	10.3	9.3

Source: GEM APS

Legal and institutional frameworks

In close connection with the political and policy focus on entrepreneurs, the role of the legal and institutional environment on entrepreneurs, such as the level and progression of taxes, the level of administrative burden involved in setting up and running a business, and social security considerations (which tend to be less generous for entrepreneurs than for employees) are all important. Table 11 provides an overview of the Dutch institutional environment relating to entrepreneurship and where this ranks on the global level.

There is no evidence to suggest that institutional barriers were much higher for Dutch entrepreneurs than for their counterparts in other countries. However, entrepreneurs continue to perceive setting up a business as complicated due to the administrative and regulatory burdens, which are perceived as costing time and money.

When an entrepreneur decides whether or not to hire employees, the institutional and legal frameworks also play a role. In the Dutch social security system, employees and employers both pay and thus contribute to social provisions such as maternity or paternity leave, unemployment benefits, health insurance and pension build up. For entrepreneurs in most cases they must cover both sets of contributions themselves as well as those of potential employees, making the social security arrangements for entrepreneurs somewhat less attractive.

From a legal and institutional perspective, social security provisions can form obstacles for going into entrepreneurship for the average worker. However for the unemployed, who are more vulnerable and rely more on social security benefits, the loss of unemployment benefits can form an obstacle to entrepreneurship. Particularly if there are few other job prospects on the horizon an individual is exposed to a significant risk by losing those benefits in such a situation. Health insurance and pensions can also, depending on the security system, be jeopardised if one moves into self-employment (MISSOC Database, 2013). As such those people who are unemployed may be less inclined to start a business.

Actions have been taken by the government to simplify the legal and institutional environment for entrepreneurs. Reduced or more liberal regulations concerning contributions which entrepreneurs must pay for their own social security entitlements have been instigated (notably regarding disability entitlements), the wage tax for entrepreneurs has been simplified, and plans are being discussed in the parliament to simplify the wage payment obligation from entrepreneurs to their employees. Despite these measures which address entrepreneurs generally, there were still barriers in place for more socially vulnerable groups, according to a study by Panteia/EIM (Panteia/EIM, 2009).

Table 11. International rankings: position of the Netherlands

International Rankings: position of the Netherlands	
Tax burden	38.6 percent of GDP
Administrative burden to have a business	Ranked 27 th of the world, out of 189 economies

Administrative burden to start a business	Ranked 21 st of the world, out of 189 economies
Access to finance	Ranked 71 st of the world ⁵ , out of 189 economies

Source: The Heritage Foundation (2015), World Bank Group (2015)

Social context

The legitimacy and attractiveness of entrepreneurship as a career avenue contribute to the general perception of entrepreneurs in a society. The perception of entrepreneurship in a society understandably influences how likely people are to become entrepreneurs.

In its latest report on the Netherlands, the Global Entrepreneurship Monitor (GEM) demonstrates that entrepreneurship is seen as a desirable career choice in the Netherlands and that the perceptions of entrepreneurs are relatively favourable compared to other countries.

This is demonstrated in the tables below. Table 12 shows how perceived opportunities and perceived capabilities are higher than or on par with the EU and OECD averages; for fear of failure the Netherlands scores slightly lower, which is conducive to the choice to become an entrepreneur (GEM, 2014). Table 13 looks more closely at societal attitudes towards entrepreneurship which shows that entrepreneurship is, in 2013, seen as a much more desirable career choice in the Netherlands compared to the averages for the OECD and EU (GEM, 2014). Entrepreneurship is accorded a high status amongst 66% of the Dutch (on par with the OECD and EU countries), and is given relatively high media attention compared to other OECD and EU countries.

While the perception of people and the societal attitudes towards entrepreneurs are relatively favourable by international standards, the actual rates of entrepreneurship are not necessarily higher than in other OECD or EU countries. This is most likely related to the effects of the crisis and the insecurity this brought with it. Indeed the Dutch central statistics bureau indicated that in 2013 the number of bankruptcies was at its highest level in 20 years (Statistics Netherlands, 2014).

Table 12. International comparison of entrepreneurial perceptions, 2013

Percentage of adult population (18-64 years of age) that agrees with the statement						
Criterion & Statement	Factor driven economies	Efficiency driven economies	Innovation driven economies	OECD	EU	NL
Perceived opportunities: “In the next six months, will there be good opportunities for starting a business in the area where you live?”	61	42	33	34	29	33
Perceived capabilities: “Do you have the knowledge, skill and experience required to start a new business?”	69	52	41	42	42	42
Fear of failure: “Would fear of failure prevent you from starting a business?”	31	38	43	45	47	43

Source: Panteia/GEM APS 2013, unweighted averages

Table 13. International comparison of entrepreneurial attitudes, 2013

Percentage of adult population (18-64 years of age) that agrees with the statement						
Criterion & Statement	Factor driven economies	Efficiency driven economies	Innovation driven economies	OECD	EU	NL
Entrepreneurship as desirable career choice: “In the Netherlands, most people consider starting a new business a desirable career choice”	75	68	54	54	57	80
Entrepreneurship is given high status: “In the Netherlands, those successful at starting a new business have a high level of status and respect”	80	67	67	67	66	66
Media attention for entrepreneurship: “In the Netherlands, you will often see stories in the public media about successful businesses”	70	61	56	51	49	55

Source: Panteia/GEM APS 2013, unweighted averages

The social and cultural attitudes towards members of vulnerable groups in entrepreneurship have not been explored extensively, either in academic or policy literature. However, based on previous research into the area of inclusive entrepreneurship, it seems that the perception of being a victim or in need of governmental support is not one which nascent entrepreneurs appear to enjoy. This is suggested implicitly in the policy instruments which are geared towards members of these vulnerable groups amongst others: such programmes take an inclusive, individually orientated approach to supporting an entrepreneur. In this way the nature of the support given to an entrepreneur tends to be tailored to their individual situation, as opposed to their classification as part of a more socially at risk group.

ANNEX 2 – EXPERIENCE FROM OTHER COUNTRIES

Austria: The Unternehmensgründungsprogramm (UGP/Business startup program)

Box 4. Austria: The Unternehmensgründungsprogramm (UGP/Business startup program)

Target group: The Unternehmensgründungsprogramm (UGP/Business startup program) targets unemployed who have a plausible business idea as well as some professional abilities, especially those with limited financial possibilities.

Approach: The UGP initiative works to support and train people who want to start a business. The emphasis is on training and advice, together with some financial help. This personalised help is realised together with external management consultants who offer training and advice with regard to starting up a sustainable business.

An applicant is first invited to a regional bureau of the *Arbeitsmarktservice* (AMS/Public employment service). The applicant faces a selection interview, where someone's eligibility, feasibility of their business idea, and individual qualification are assessed. If they pass this selection interview, the support provided is organised into four phases. 1) The first phase is the 'clarification' phase. In this phase participants work on the feasibility of their business idea and elaborate plans with advisors. 2) The second phase is the 'preparation' phase, where advisors provide advice on tailoring the business concept and on financial planning. 3) The 'realisation' phase, where participants can access business start-up support and start-up allowance (for living expenses). 4) The fourth phase is the 'follow up', where participants receive advice from a business advisor two years after the business is launched. An important aspect of this programme is the logical order of steps and advice throughout the entire process, even two years after starting up the business. This has the effect that the entrepreneur is never completely on his own during the start-up, but always has access to some advice (OECD/EC, 2014).

Key impacts: The UGP is generally seen as a success. It achieves its goals and given its success the scope of the programme is expanding. A review of the programme back in 2006 by the AMS showed the high 'survival rates' of the starting firms, with 73% of the businesses created still existing after 5 years. The programme also had a positive secondary employment effect, as it generated an additional 1.26 full jobs for each starter after five years (AMS, 2006). An evaluation by the AMS of the Austrian labour market policies in 2008 showed that the expenses per participant for the programme and the start-up subsidies together were EUR 2.607, while this was EUR 3.184 in 2004. This shows us that the efficiency is improved, which might have to do with the larger scale of the programme (BMASK, 2009). This programme is generally perceived as very successful on the long term.

Good practices from the UGP:

One of the main successes for this type of a programme is a sound cooperation between public and private sector parties. Having people from the private sector who are willing to give training and practical advice is key within such an approach. Without those people it can be difficult to have sufficient knowledge and expertise to support entrepreneurs. This collaboration between public and private sector, with balanced costs, is very important to establish such a successful programme.

Another important factor is the completeness of the programme. People are helped with every aspect of starting a business and can even receive advice two years after starting. This ensures that the entrepreneur has made a comprehensive and encompassing plan regarding the business, giving the entrepreneur more chance of having a successful, sustainable business. Leaving one phase out can incline people more to do things on their own, but this also increases the probability of failure.

Strength lies with the broad target group that is addressed now. Almost every unemployed person in Austria can benefit from the programme. As it is a broad programme with room for individual tailoring to a person's individual needs, more people appear to be aware of it. The UGP can therefore be perceived as more important by society, instead of being viewed as a measure for niche groups and specific interests. A problem within this approach, however, lies within the high costs that this programme can bring. This can make it difficult to implement such a programme, especially in times of government budget cuts.

Spain: The Programa operativo de la Comunidad Foral de Navarra

Box 5. Spain: The Programa operativo de la Comunidad Foral de Navarra

Target group: the Programa operativo de la Comunidad Foral de Navarra aims at engaging unemployed people in self-employment. A further criterion is that the unemployed had to have invested at least EUR 12 000 in long-term assets. The initiative is aimed at residents of the region of Navarra specifically (OECD/EC, 2014).

Approach: the initiative works to support and provide training and advice to unemployed who want to start a business. The focus of this programme lies in combining financial help and training, while the participants also have to make a certain financial contribution themselves. A potential participant has to be registered as an unemployed jobseeker for at least three months prior to applying. The person can then apply to the Public Employment Service (PES) of Navarra. Once they are accepted into the scheme, they must continue new start-up activities for the three years following the start-up. The participant also has to be registered in the social security systems and must maintain their invested assets for three years. Unemployed people can receive direct financial support up to a maximum amount of EUR 5 000 and for people with disabilities this amount can rise to EUR 10 000. This financial support can be co-financed with benefits coming from other programmes. There is also non-financial support, such as training for self-employment. The programme finances a maximum of 75% of the training costs, with a maximum of EUR 3 000. For the technical advice for self-employment, also a maximum of 75% of the costs are covered, with a maximum amount of EUR 2 000.

Key impacts: The programme itself has not been formally evaluated yet. Around 500 people benefited from the programme in 2010, 2011 and 2012. This is around 0.5% of the newly self-employed people during the same period. More than half of these people were female and more than 10% were young unemployed. The programme shows that there is demand for financial support, even in combination with own financial input. However there is not sufficient evaluation of performance of the scheme (OECD/EC, 2014). This makes it hard to assess the efficiency and cost effectiveness of the programme as it is not known how many of the businesses supported actually survived for 5 years or how big they are, whether they have employees or whether they export goods.

Good practices from the Programa operativo de la Comunidad Foral de Navarra:

The completeness of the programme support, the combination of training and advice and financial support are seen as positive. It is interesting to have an approach that combines the offering of funds by the state with the input of an individual's own money. To successfully transfer this initiative it would be necessary to follow up the programme after a few years to see how the enterprises developed and assess the effectiveness of the programme (OECD/EC, 2014). However, the number of participants shows that there is significant demand for such a programme and for financial

assistance. It is also good that a lot of the participants are woman or young people, which shows that the programme is quite good with regard to inclusive entrepreneurship.