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Betreft Ambitious Entrepreneurship
An agenda for start-ups and growing businesses

Dear Madam President,

I write on behalf of the State Secretary for Finance, the Minister for Foreign Trade and Development Cooperation, the Minister and the State Secretary for Education, Culture and Science (OCW) and myself, to inform the House concerning our policy for ambitious entrepreneurs. In so doing I am also responding to the Lucas motion (Parliamentary papers, 33750-XIII no. 17).

Society demands creative solutions to societal challenges, such as good, affordable care for the elderly, a transition to renewable energy, and clean drinking water for a growing world population. Innovation and entrepreneurship can help us to meet these challenges. Ambitious entrepreneurs play an important role in this process, as a source of innovation, new jobs, internationalisation and productivity.

I therefore wish to remove barriers and give ambitious entrepreneurs all possible scope for development. The barriers include access to capital and the tax authorities, access to innovation and knowledge, access to the Netherlands and the world, access to each other and supporting legislation and regulations.

This requires continuity in generic industry policy for all entrepreneurs, and scope for specific accents using the top sectors policy. Good, accessible schemes, lie at the heart of this policy, both in terms of money and the number of participating businesses. Examples include tax incentives for R&D, government guarantees for bank lending, and reducing the burden of regulation. There are also constraints and challenges, for example in knowledge and innovation, education and the burden of regulation, which are sector-specific in nature. These aspects call for a more customised approach.

With this policy agenda, I am placing emphasis in industry policy on specific difficulties affecting ambitious entrepreneurs. Ambitious entrepreneurship aims both to improve the quality of start-ups and to stimulate the continuing growth of businesses.

This letter also responds to the Lucas motion (Parliamentary papers, 33750-XIII no. 17). The Government agrees with the analysis in the Agenda StartUpNL that innovative start-ups are crucial to our economy. The concrete proposals from the

agenda tie in with my vision for ambitious enterprise and with our industry policy, which is already up and running. I will elaborate on this below.

In composing this letter I have also made use of the recommendations recently presented to me by the Advisory Committee on Science and Technology Policy entitled 'Briljante bedrijven: effectieve ecosystemen voor ambitieuze ondernemers' (Brilliant businesses: effective ecosystems for ambitious entrepreneurs). The recommendations are attached to this letter.

Finally, in this letter I discuss the commitment I gave to MP Mulder (CDA) during the debate on the Economic Affairs budget to aim for further refinement of the distribution of innovation resources for businesses, the commitment given to MP Mulder (CDA) to inform the House concerning the involvement of SMEs in the European Horizon 2020 programme, the commitment given to MP Dijkgraaf (SGP) to give further consideration to the balance between generic and specific innovation policy, the commitment given to MP Lucas (VVD) on the elaboration of early-stage financing, the commitment given to MP Mulder (CDA) to enter into consultation with the State Secretary for Finance concerning a maximum delay for VAT refunds, and the motion (Parliamentary papers, 33750-XIII no. 27) of MP Mulder (CDA) on promoting SME access to the TKI supplement.

Yours sincerely,

Henk Kamp
Minister of Economic Affairs

Ambitious Entrepreneurship ***An agenda for start-ups and growing businesses***

Entrepreneurship means identifying opportunities in the market for both existing and new products and services, acting on these opportunities and in so doing, daring to take risks. Entrepreneurs, large and small, have the necessary pioneering qualities to respond to new challenges and opportunities. The entrepreneurial spirit is therefore important for our economy and our prosperity. It ensures flexibility and renewal, generates jobs and contributes to addressing societal challenges.

The Netherlands in a good starting position

Following a turbulent period there are once more cautious signs of economic recovery. Growth of 0.7% in the last quarter of 2013 was the highest for three years. Furthermore, according to Statistics Netherlands' business survey, entrepreneurs are optimistic about the economic climate for the first time since the summer of 2011. Hard-working, motivated SME entrepreneurs are the driving force behind the Dutch economy. They are the ones who are deciding to start investing again, tap into new markets, and ultimately start recruiting again. The proportion of entrepreneurs in the working population has risen sharply over the last decade. Almost 1 in 8 working people in the Netherlands now earn their living as entrepreneurs¹. Sixty percent of our new jobs are also in the SME sector, putting us in the lead in the EU.

An attractive business climate is a crucial factor. We can achieve this with broad facilitating policy in the fields of finance, taxation, regulatory pressure, entrepreneurship education, and with information and support provided through the Chamber of Commerce (KvK) and the digital Business Link, and with specific support for enterprise, such as support for incubators and accelerator programmes. These ingredients together form a business climate in which enterprises, including SMEs, and ambitious entrepreneurs can thrive. Box 1 gives an overview.

¹ Panteia International Benchmark of Entrepreneurs (2013) www.ondernemerschap.nl

Box 1 SMEs

The Government recognises the importance of SMEs for Dutch innovation, exports and economic growth. Below is a description of a broad package of measures to support small and medium-sized businesses.

The Government supports lending to entrepreneurs in various ways, such as government guarantee schemes, which also helped many entrepreneurs to obtain finance in 2013. The SME credit guarantee scheme, BMKB, can provide access to credit for small businesses with healthy future prospects but inadequate security for mainstream finance. In the period 2008-2013 the scheme provided for over 18,000 loans, particularly for small businesses, including start-ups and innovative companies. The Qredits scheme was set up with banks for smaller loans. Government and banks together provided an extra stimulus so that loans of up to 150,000 euros are now possible. Where possible the Ministry of Economic Affairs supports new forms of finance, such as credit unions, crowd funding and SME bonds, by promoting them and removing regulatory barriers. For example, the BMKB scheme is now also open to non-bank lenders. Finally, the Government has earmarked funds to establish the Netherlands Investment Institution (NII), to better harmonise Dutch demand for finance from pension funds and insurers. See also the paragraph headed "Access to capital" in this letter.

The Government has also taken SMEs into account in taxation. A reduced (20%) rate of corporation tax has been applied to profits up to 200,000 euros (above that it is 25%). In income tax, the tax reliefs relevant to entrepreneurs are the self-employed person's allowance and the business start-up allowance. There is also an exemption for SME profits, which equates to a reduction in the tax rate for SME entrepreneurs.

To provide entrepreneurs with as much governmental and other information as possible, and help them to deal with public and semi-public sectors, there is now a single digital and physical point of contact: the "Business Link" (Ondernemersplein.nl), run by the Chamber of Commerce. The Business Link was developed for the Ministry of Economic Affairs by the Chamber of Commerce, in collaboration with the tax authorities, the Netherlands Enterprise Agency, (previously NL Agency), the Union of Dutch Local Authorities, Statistics Netherlands and the Road Transport Directorate. The Link will be the single digital point of access for entrepreneurs to all government information and services relevant to them.

The Government has also taken specific measures aimed at the top sectors, by creating a "top sectors help desk" for SMEs, allowing contributions in kind to count towards the TKI supplement, and creating an SME innovation scheme for the top sectors (MIT scheme). Simplifying the top sectors approach should improve accessibility for SMEs.

To increase SME innovation activities in the region, the Government has worked with local authorities to explore how best to exploit the innovative potential of SMEs. It is estimated that between four and five thousand SMEs in the region are actively involved in innovation in R&D projects and around 20,000 companies are involved in broader activities such as incubators, campuses, shared facilities and cluster formation. One outcome is that agreements have now been reached with the provinces of Limburg and Noord Brabant to link parts of the top sectors of HTSM, Agri&Food and Horticulture and Parental Material to the MIT scheme, which will make an extra €2 million available for SMEs.

SMEs are already well provided for in generic industry policy. The generic innovation instruments, WBSO, RDA and the SME+ innovation fund are open to all innovative companies in the Netherlands, from self-employed sole proprietor to small and medium-sized businesses to multinationals, and from start-ups to established family businesses. Over 22,000 businesses make use of the instruments, and of those around 97% are SMEs. A good two-thirds of the total budget benefits SMEs. Comparable figures are not yet available for the Innovation Box, the TKI supplement aimed at the top sectors, and the MIT scheme.

Thanks to this policy, the Netherlands already has many inspirational examples of entrepreneurship. This is not always equally evident, and so I am working on new

means of communication to raise awareness. I have included some examples in annex 3.

Examples of ambitious enterprises

Ambitious enterprises include both established companies like Airborne that are continually experiencing new growth, a company like Adyen which is the fastest growing company in the Benelux, and Mendix, which is hard at work in both the Netherlands and the United States and obtained 25 million dollars in venture capital at the beginning of this year.

I also wish to intensify the dialogue with SMEs in the coming period, with a view to setting up a demand-led SME agenda. We will work together towards concrete solutions to the most pressing problems for SMEs, and particularly the small companies. Of course this must be about problems where government has a legitimate role and the State is equipped to offer a solution.

Challenges

Despite our good starting position in terms of entrepreneurship, there is still some way to go. A good starting position is no guarantee of continuing success. Innovations are rapidly superseded, consumer requirements are ever more exacting, and globalisation continues unabated. We are also facing huge societal challenges, such as maintaining good and affordable care, the transition to sustainable energy and the aging of the population. There are opportunities here, where ambitious entrepreneurs could fulfil a significant role.

Ambitious, growth-driven entrepreneurs are crucial to the Netherlands

In this context I define ambitious entrepreneurs 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 growth². This group is important for employment opportunities, as indicated in the Agenda StartUpNL. International research (by the OECD)³ shows that young enterprises contribute 60% of new jobs, irrespective of the economic cycle.

Start-ups are often initially less productive than established businesses. That may have to do with the extra time and effort needed to explore the market, build networks and develop new products and services. The economic potential of entrepreneurship is realised if enough innovative businesses ultimately achieve sustained growth.

There are still benefits to be reaped in the Netherlands in the area of growth and ambition. In the period 2008-2011, only 4% of businesses in the Netherlands showed rapid growth in terms of employment, which is not a high percentage in

² Study for the AWT and VRWI: Ambitieuus Ondernemerschap (Ambitious Enterprise), 2012, Stam et al.

³ OECD Science Technology and Industry scoreboard 2013

comparison with benchmark countries.⁴ There is also further room for improvement in the area of ambition (for growth). In 2012 only 25% of entrepreneurs in the Netherlands expected to have more than five employees within five years, compared to the OECD average of 36%⁵.

Action Programme for Ambitious Entrepreneurship

Various studies (by the AWT⁶ among others) and the experience of the entrepreneurs themselves show that there a number of factors determine the 'growth potential' of an entrepreneur. The Agenda StartUpNL translates these into the following categories, to which we have added 'legislation and regulation'.

Figure 1 illustrates the relationship between the following factors:

1. access to capital: access to venture capital and capital for growth;
2. access to innovation: use of available schemes;
3. access to knowledge;
4. access to the Netherlands: attracting international expertise and entrepreneurs;
5. access to tax schemes: favourable tax conditions for growth;
6. access to each other: the social capital of entrepreneurs, their personal skills, and how they deploy the human capital of their enterprises;
7. access to the world: access to international markets and customers;
8. the conditions under which the entrepreneur operates, such as those imposed by legislation and regulation.



Figure 1: the ecosystem of the ambitious entrepreneur with the eight major factors

⁴ *International benchmark of Entrepreneurs*, Panteia (2013) www.ondernemerschap.nl

⁵ *Global Entrepreneurship Monitor The Netherlands 2012*, Panteia (2013)

⁶ 'Blijvende bedrijven: effectieve ecosystemen voor ambitieuze ondernemers' (Brilliant businesses: effective ecosystems for ambitious entrepreneurs), AWT Advice No. 85, March 2014

To realise our ambitions for a knowledge economy and entrepreneurship, to help meet the global societal challenges and to excel in growth, we must invest specifically in creating the right conditions. The task of government here lies primarily in creating the right frameworks and conditions. But government can also offer *entrepreneurs* the right ecosystem; a network of interested businesses, organisations and people.

Working to achieve ambitious entrepreneurship

This requires *first of all* an ambitious culture that encourages top performance. We need to change the way we think in the Netherlands about ambition, to provide scope for excellence, where growing businesses are seen as a role model.

Secondly it requires dynamic ecosystems as the growth medium for ambition. A supple and functioning ecosystem will enable ambitious *entrepreneurs* to access the right people, finance and partners, efficiently and effectively, and at the right time. It helps entrepreneurs to give rein to their individual qualities and reduce transaction costs.

Thirdly, it requires continuity in generic industry policy for all entrepreneurs with room for specific focus where necessary. The Government facilitates this by eliminating superfluous and restrictive rules, by ensuring sufficient finance options and easy access to information and advice, via the Chamber of Commerce Business Link and other facilities, and by offering less specific subsidies in exchange for a reduced burden of taxation. The WBSO and the Innovation Box are examples of how the burden of taxation can be reduced, and how businesses can be given positive incentives to invest in R&D.

And *fourthly* it requires tailored solutions via the top sectors policy. After all, there are also difficulties and challenges in the field of knowledge and innovation, education and the regulatory burden that are sector-specific in nature and require a tailored approach. With this policy agenda I am placing emphasis on resolving specific difficulties for ambitious entrepreneurs, to boost them to achieve their world-wide growth potential. Thus it is important that ecosystems form around the top sectors in which existing and new/young businesses can interact. The top sectors policy and the policy for ambitious entrepreneurship are thus very strongly interlinked.

My ambition for fast-growing businesses and growth ambition for entrepreneurs is a permanent top 5 position for the Netherlands within the OECD from 2020 onwards, where we are currently in 22nd position in the growth stakes.

The overview below shows the main measures being taken by the Government. In the subsequent action agenda I will explain all the measures in further detail, indicating in places how the points from the Agenda StartUpNL of MP Lucas have been incorporated. I will adopt many of the 43 proposed actions from the agenda in full; others in part. Annex 1 addresses all the points arising from the agenda.

The main specific actions for the 8 factors

- Access to capital**
 - €75 million for early-stage financing and co-investment scheme, together with the EIF, for business angels in the Netherlands. I expect the first tenders to open in mid-2014.
 - The launch last January of a Financing Desk for better information provision to entrepreneurs.
 - More venture capital for innovation in the later growth phase of young, innovative businesses via the Dutch Venture Initiative, launched in summer 2013. This is a fund of funds, standing at €150 million for the time being. The first commitments of over €50 million from this fund have already been made.
- Access to innovation**
 - In 2014 the package of innovation instruments will be more stimulating for start-ups and growing businesses, thanks to:
 - o Extension of the first band of the WBSO;
 - o Lower threshold for Innovation Credit;
 - o Increase in percentage of TKI supplement over the first €20,000 contribution in cash or in kind.
 - Various activities to improve connections between top sectors and start-ups. For example there is a pilot project starting in May within the Creative Sector on smart (ppp) ways to create new innovation-driven businesses within the top sectors.
- 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 will be able to apply for a start-up visa by the end of this year.
- Access to the tax authorities**
 - The Customary Salary Rules are being adjusted. The proposals from the Agenda StartUpNL will be taken into account in making the adjustments. I will inform you of the outcome in the autumn.
 - Evaluation of the proposals for venture capital based on existing evaluations of effectiveness, target group range and budgetary impact. I will inform you of the outcome in the autumn.
- Access to each other**
 - Start of Nlevator this spring; an ecosystem of and for ambitious entrepreneurs, to facilitate stakeholders and growing businesses. The Ministry of Economic Affairs is one of the network partners.
- Access to the world**
 - Support for DutchBaseCamp since January this year; connecting start-up ecosystems in the Netherlands and facilitating their internationalisation, with initial focus on the United States.
 - Following the suggestion in the Agenda StartUpNL to nominate an ambassador for start-ups, the Government will appoint a special envoy for start-ups. The terms of reference for this post have yet to be elaborated.
- The limiting conditions of legislation and regulation**
 - Removing unnecessary barriers in legislation and regulation that hamper start-ups and continuing growth. For example, the Labour and Security Act (*Wet Werk en Zekerheid*) will restrict frivolous use of the competition clause.

Action Agenda on Ambitious Entrepreneurship

1. Access to capital

Ambitious entrepreneurs come up with new products and services and innovative solutions to societal challenges. However, finding the necessary finance is not always easy. Current economic trends have put the financing of the entire SME sector under pressure. Mounting losses in SMEs and aversion to risk mean that banks apply stricter standards to credit applications and that there is less finance available at the precarious stage in the life of a business. As the Government already announced in its report on business finance⁷ of 25 June 2013, private investors, venture capitalists and informal investors – who used to invest in the early high-risk stages – are now increasingly drawing back from this type of investment.

Start-ups and growing businesses consequently struggle to finance their ideas, particularly in the *early stage*: the stage following research but before introduction to the market. This stage is difficult because it falls outside the range of research subsidies, but precedes the point at which market players are interested. The Agenda StartUpNL calls for measures to be taken and offers suggestions. Some of these I will take up, such as measures relating to alternative forms of finance and early-stage finance. In addition, based on the new state aid frameworks for risk capital, I will see if the seed-capital scheme can be further optimised. I will review the options for permanent opening of the BMKB to non-banks, based on the evaluation of the current pilot stage, which is planned for this autumn.

Conversations with entrepreneurs and investors show that it is still often difficult to find the right match between capital and entrepreneur. On the one hand because entrepreneurs often struggle to find out what forms of finance are available, or are most suitable at the current stage of the enterprise. On the other hand, because the entrepreneurs do not have a good growth, exit and finance strategy, often because they do not have the necessary knowledge or experience in house, or do not know how to obtain it.

⁷ 'Rapportage Ondernemingsfinanciering', Parliamentary papers 32637 no. 61

I will therefore take the following concrete actions:

- a. More venture capital for ambitious entrepreneurs seeking to grow quickly, through the Dutch Venture Initiative (DVI). DVI was launched last year and is now up and running.
- b. New facility for early-stage finance and business angels. The facility for early-stage finance ensures that entrepreneurs can complete their development and ultimately market their concept or product. I anticipate that this facility will be available in mid-2014 for start-ups and SMEs, in which academic start-ups will form a separate category. It will be implemented in collaboration with regional players in the ecosystem. In the case of business angels we will work with the European Investment Fund (EIF), which will implement and also co-finance the scheme. This will increase the amounts business angels in the Netherlands can invest, so that businesses can survive until large investments are available from market players (for further details see annex 2).
The budget is set up as follows:
 - 1) Early-stage financing for start-ups and existing innovative SMEs, to be implemented by the Netherlands Enterprise Agency (RVO), €36 million;
 - 2) Early-stage financing for academic start-ups, to be implemented by the NWO technology foundation, STW, €14 million.;
 - 3) Co-investment fund for business angels, to be implemented by the EIF, with a contribution from the incentive package of €25 million.
- c. Start of a Business Angel programme to ensure more and better investment by business angels in small enterprises and start-ups. The aims of the programme include contributing to knowledge and boosting expertise among existing and potential informal investors and entrepreneurs (improving investment readiness).
- d. Better information provision for entrepreneurs through the launch of a financing desk as part of the digital Business Link. In addition to providing digital information and first-line advice, the desk can refer people through to public organisations such as the Netherlands Enterprise Agency (RVO), the Enterprise Credit Desk of MKB Nederland and the Dutch Association of Banks (NVB), and private organisations;
- e. Increase the range of information provision with a communication effort - for example, presenting alternative finance opportunities for businesses, including government schemes, at meetings and events such as the national enterprise week, the Chamber of Commerce Start-ups Day and through other channels of communication.
- f. Increase awareness of alternative finance opportunities such as crowd funding and credit unions, by contributing to an awareness campaign developed by the sector. In the case of credit unions, I support the association of cooperating credit unions and credit cooperatives that helps new credit unions in the formation phase.
- g. Use financial education to ensure entrepreneurs are better prepared for investment, by paying careful attention to the mindset and evaluation criteria of investors/financiers and the way they screen business plans.

With the existing instruments and these supplementary measures, the entire financing chain in the Netherlands (from basic research to market introduction and continuing growth) is brought into line with the changing financial world, and the chain is brought into balance.

2. Access to innovation schemes

Innovation in business is supported in the Netherlands in part through generic innovation policy. This has been successful. The trend in R&D investment by businesses published on November 5th of last year by Statistics Netherlands (CBS) shows an increase from 1.14% of GDP in 2011 to 1.22% in 2012. These figures refer to all businesses, including both SMEs, and therefore young starting entrepreneurs, and large enterprises.⁸

The Agenda StartUpNL contains a number of concrete proposals to improve access to innovation schemes. We are already working actively on some of the proposals, by extending the first band of the WBSO and increasing the percentage of TKI supplement on the first €20,000 of private cash or contribution in kind for public-private partnership in the top sectors. The Government also shares the view of Member of Parliament (PM) Lucas that it is important to use the procurement budgets of public authorities to encourage innovations, and have them developed and implemented.

During the debate on the economic affairs budget, MP Dijkgraaf (SGP) asked whether greater emphasis should be placed on specific policy. The Government considers that work on specific and generic policy is a balanced mix. Ambitious entrepreneurs are active within and outside the top sectors and for innovation purposes they can make use of generic instruments like the WBSO, the innovation box and the innovation fund. They can also qualify for specific schemes arising from the top sectors, such as the MIT scheme. Strengthening ecosystems of existing and new businesses in (and between) the top sectors can ensure the necessary dynamic and renewal within the top sectors.

In the budget debate, Member of Parliament Mulder (CDA) also asked for greater refinement of the distribution of innovation funds for SMEs. The Government's response is given in the statement in annex 2. The Government also meets its commitment to MP Mulder (CDA) concerning the involvement of SMEs in the European Horizon 2020 programme.

Concrete action to promote start-ups and continuing growth;

In the foregoing period the Government took measures within the package of innovation instruments to promote start-ups and continuing growth. The Government is continuing with this innovation policy. Many of these measures are in line with the proposals in the Agenda StartUpNL:

⁸ In response to commitment given to MP Lucas (VVD) on the CBS R&D figures.

- a. Extending the first band of the WBSO from €200,000 to €250,000 to promote continuing growth.
- b. Lowering the threshold for Innovation Credit (to €150,000) and temporarily increasing the credit percentage for smaller businesses (from 35% to 45%).
- c. Increasing the percentage of TKI supplement on the first €20,000 cash contribution or contribution in kind to TKI-related research activities and increasing the budget for the MIT scheme from €22 million in 2013 to €30 million in 2014, to connect innovative SMEs with the top sectors.
- d. Strengthening cooperation within the top sectors between start-ups, corporates and knowledge institutions, aimed specifically at the creation of new innovation-driven activity. I am doing this in part by contributing to a pilot project within the Creative Sector on smart (public-private) formats for new innovation-driven activity. The pilot project starts in March.
- e. Encouraging innovation-based procurement in all public authorities through the "inkoop innovatie urgent" programme. See the progress report Voortgangsrapportage innovatiegericht inkopen (Parliamentary papers, annex to 32637 no. 82).

3. Access to knowledge

Ambitious entrepreneurs use the latest insights and knowledge to stay ahead of the competition. So for them it is crucial that the knowledge is both available and accessible. Universities, higher education establishments and institutes for applied research play a major role here. These organisations can share information among themselves and so contribute to an ecosystem for entrepreneurs.

The Agenda StartUpNL also contains several concrete suggestions for further improving access to knowledge. Many of these improvements have already been picked up the Government. For example the deployment of entrepreneurs in residence at the Technology Transfer Offices (TTOs) of universities is seen as best practice for the supervision of academic start-ups. This is also promoted by the valorisation programme.

The State Secretary for Education has worked to improve access to knowledge through Open Access. This is very important, both to accelerate innovation and to promote scientific cooperation without unnecessary duplication. Further actions are in the pipeline in the field of intellectual property. In the summer I will have completed a plan of action for streamlining the intellectual property policies of applied research establishments. The aim is to give entrepreneurs easy access to knowledge in line with the market. To facilitate access to fundamental knowledge (of universities, university medical centres, NWO and the KNAW) the State Secretary for Education has asked the KNAW, VSNU, NFU and NWO to carry out joint mapping and analysis of the use of IP rights in relation to the results of scientific research, specifically patents. In our response to the findings, the Minister and State Secretary for Education and I will take account of access to knowledge in relation to ambitious entrepreneurship.

The added value of interlinking the education, research and valorisation functions of universities is clear. Valorisation must be considered in broader terms than simply as spreading knowledge through publications and patent licensing. The Government is pleased that the universities are continuing to build on their cooperation with businesses, actively pass on their scientific knowledge and make it more accessible to the private sector, and that they actively share their facilities with businesses. Higher vocational education establishments also contribute to the circulation of knowledge, in part with the centres of expertise, which are now in development, and through practice-based research in cooperation with the private sector (particularly SMEs) and actors in society, through the mediation of the authority for practice-oriented research on the social infrastructure agenda (SIA) at the NWO.

Concrete action to promote access to knowledge:

- a. The Interministerial Policy Review (IBO) of science policy provides greater detail on the interpenetration of the educational and research functions. The science vision, which will also contain a response to the IBO, will be presented to the House before the summer. This vision will also look at valorisation.
- b. The current performance agreements between OCW and the higher education institutions call for constant attention to the formalisation of valorisation and entrepreneurship education. Parallel to this, the universities and higher education establishments are going to work with government to develop indicators, which may be used in the long term to measure valorisation. The aim is to have an accepted set of indicators developed and tested by 2015 that will be used to measure and describe the valorisation efforts in various scientific domains.
- c. The Government response to the report of KNAW, VSNU, NFU and NWO on knowledge use (to be presented to the House before summer) refers to the use of intellectual property of the universities and other fundamental research establishments. Previously the House received a letter (Parliamentary papers, 30635 no. 3) on the intellectual property policy of the applied research establishments.
- d. I am organising a round table in conjunction with the KNAW and the Life Sciences & Health Top Sector on the use of intellectual property in this sector.
- e. Results of research funded by public or public/private money must be published for "Open Access". This means that published articles and books must be freely accessible immediately, i.e. without an embargo period. The necessary turnaround must be completed by 2024. If the parties concerned do not make an adequate effort, or sufficient progress, the Minister and the State Secretary of Education will submit proposals in 2016 to incorporate the open access requirement into law.
- f. The Biodiversity, Ecosystems and Economy Platform actively shares knowledge about economic opportunities and challenges in the use of natural capital. There is a help desk for entrepreneurs, a subsidy scheme and scope for experimentation in pilot projects.

- g. The Chamber of Commerce offers services to refer individual and joint knowledge questions from existing innovative SMEs to knowledge institutions and to make the knowledge supply in knowledge institutions transparent.

4. Access to the Netherlands

In the globalising labour market there is strong competition to attract and retain the best knowledge workers, and not just for the usual salaried staff. To enable them to respond more flexibly to rapid developments in their sector, companies increasingly often seek to collaborate with small, often international, high-tech businesses.

The Netherlands wants to become "the place to be" for many promising and talented Dutch and foreign workers who are starting their own companies, because they contribute to our prosperity and our competitive position. There is strong competition with other countries to attract and encourage innovative start-ups. Start-ups make a considered decision when choosing their country of establishment, depending on the innovation climate, company, immigration and tax laws, and the presence of acceleration programmes and finance. With simple admission procedures the Netherlands can be attractive to these start-ups. Active recruitment is essential to achieve a broad range. We therefore endorse the proposal in the Agenda StartUpNL to set up a website to bring together information for international start-ups.

Concrete action to be taken by the Government:

- a. Introduction of a widely-publicised start-up visa. Innovative foreign start-ups from outside the EU will soon be able to apply for a start-up visa. We aim to have this measure in place by the end of this year. The start-up obtains a permit to stay in the country for a year. In that year the starting entrepreneur has time to actually start up the business, draw up a business plan and obtain finance. After that year the starting entrepreneur can apply for a permit to remain as a self-employed person (through the self-employed persons scheme). The application must be made to the Immigration and Naturalisation Department (IND). The applicant is referred to the IND via the digital Business Link.
- b. Acquisition of start-ups and fast-growing businesses: to work with private Dutch partners to bring interesting start-ups to the Netherlands. For example, by creating a "soft landing" platform in the Netherlands, in collaboration with DutchBaseCamp. Publicity material is being developed and further follow up measures are being considered to bring in international expertise and to create strong bonds with other innovative regions. This largely relates to ICT, High Tech and Creative Industry, in the first instance in the United States. This involves close cooperation with the Innovation Attachés and (given sufficient demand) the Netherlands Foreign Investment Agency (NFIA).
- c. Offering easy access to relevant information on the Dutch business climate. It is important to improve the Netherlands' position as an attractive country for talent. The Government does this for example through its 'Make it in the Netherlands' initiative, to encourage foreign students to stay in the Netherlands after graduation. As requested by the Agenda StartUpNL, I will

also provide specific information online for foreign start-ups and growing businesses.

5. Access to the tax authorities

Starting entrepreneurs can benefit greatly from useful information from the Tax and Customs Administration concerning the VAT system, the tax declaration system and the options for customisation. Information provision by the Chamber of Commerce and the Tax and Customs Administration is set up for this, with a broad range of specific activities aimed at starting entrepreneurs, such as information evenings, start-ups visits and digital information provision.

From the financial perspective it is attractive for start-ups to pay their employees at least in part in shares, with a relatively low salary. The problem described in the Agenda StartUpNL is that the starting entrepreneur, as the employer, has to withhold payroll tax on the combined value of shares and salary. Since the tax can only be withheld on the salary paid (cash), the employee is often left with a far lower net disposable income.

Member of Parliament Lucas proposes a three-year deferral of taxation on remuneration in the form of shares. In addition, any increase in the value of the shares would be taxed as capital gains in box 3 rather than under the progressive rate in box 1.

I have reviewed the feasibility of this proposal with the State Secretary for Finance. It certainly has positive elements and is also in line with messages I have received from people in the field. There is a scheme which could significantly help to solve the problem arising in practice. The employer (start-up) can remunerate the employee with an *option* with a zero strike price, rather than the share itself. The taxation then proceeds as follows: when the option is exercised, tax is levied on the increase in value achieved. With a strike price of zero the increase in value is equal to the current price of the share. That increase in value is then taxed under box 1 (progressive tax on wages etc.). I think that is not unreasonable considering that it relates to a benefit arising from employment.

Start-ups sometimes run into difficulties with the Customary Salary Rules. Often the company position is not robust enough in the first years to pay the "customary" salary of €44,000. Although in some circumstances a lower salary can be set in consultation with the tax authorities, it may be useful to carefully reconsider whether the criteria are still fit for purpose. Under the 2014 Budget Agreements the margin in the Customary Salary Rules will be adjusted with effect from 2015. Other criteria in the rules will have to be addressed when making this adjustment. This will involve the points for consideration from the Agenda StartUpNL.

Member of Parliament Lucas has also asked for an audit of three versions of a new fiscal venture capital scheme. I will evaluate the proposals from the Agenda StartUpNL with the State Secretary for Finance, on the basis of existing

evaluations of effectiveness, target group range and budgetary impact. I note here that the Government is reticent to introduce (new) fiscal measures. Also, with the incentive package I consciously opted for an instrument that I expect to be highly effective. I would first like to try out the co-financing instrument for business angels and the early-stage financing scheme.

I will take the following action in consultation with the State Secretary for Finance:

- a. Ensure that starting entrepreneurs are well informed about the VAT system. The tax authorities are already working on this, with detailed and targeted information on their website.
- b. The option scheme will be more actively and widely publicised as a solution to the problems experienced by start-ups in issuing shares to employees.
- c. Apply the points for consideration from the Agenda StartUpNL to the adaptation of the customary salary rules.
- d. Evaluate the proposals for venture capital based on existing evaluations of effectiveness, target group range and budgetary impact.

6. Access to each other

Entrepreneurs often owe their success and growth to meeting the right people at the right time. It could be the right customer, knowledge, investor or employee. It is important to have a good network. The entrepreneur's own skill in making and using new contacts also matters.

I welcome the proposals of the Agenda StartUpNL in this area for starting entrepreneurs. The Government has already taken various measures to help entrepreneurs to find and exploit networks and set up suitable infrastructures, such as the TKIs and the "top sectors". Efforts relating to networks and linking entrepreneurs to mentors and coaches run through several activities in which the Government has a hand, such as New Venture, within incubators, within the services (digital and physical) of the Chamber of Commerce and within the valorisation programme.

We now have in place the special enterprise accreditation system of the Dutch-Flemish Accreditation Organisation (NVAO) as requested by the Agenda StartUpNL. This Free University of Amsterdam has already acquired this accreditation for its bachelor's degree in Science, Business and Innovation and subsidiary Entrepreneurship course. The special enterprise accreditation system is one of the components of the Action Programme on Education of the Ministries of Education and Economic Affairs. Finally, various universities and higher education colleges are already offering master's degrees in business studies.

These efforts in the field of entrepreneurship education, valorisation and policy on start-ups provide the Netherlands with a good growth medium for entrepreneurship. The Netherlands is now among the leaders when it comes to enterprise among students and the number of start-ups. There are already

numerous initiatives offering opportunities for growth and entrepreneurial excellence within education.

Ecosystems are important to fire ambition and teach new skills. These ecosystems are now largely aimed at start-ups and less at the growing businesses. Ecosystems are often limited in their boundaries by a regional and/or sectoral approach. It is of course primarily the job of the entrepreneurs themselves to maintain and extend networks. But, as a network partner, government also has a role to play. The government has the organisational capacity to bring and link parties together and so facilitate and stimulate the entire ecosystem.

There is no blueprint for setting up or strengthening ecosystems. That is why the Government has opted for an innovative approach with various experiments. For example, there are a number of pilot projects on smart (ppp) formats to create new innovation-driven activity within the top sectors and a broad approach has been launched under the heading "Nlevator". The development of a "Circular Economy Accelerator" in response to the Van Veldhoven motion (Parliamentary papers, 33043 no. 20) is another example of government as a network partner in an ecosystem.

The Government also looks to social innovation to help kick start renewal. This extends to social innovation both within and between companies. Companies that invest in their social capital often do better than others, and can exploit opportunities for growth and retain good staff.

With this in mind, I am taking the following action:

- a. The Ministry of Economic Affairs is a network partner in initiatives such as Nlevator. Nlevator is an ecosystem created by and for ambitious entrepreneurs to facilitate stakeholders and growing businesses. The aim is to effect a cultural change and to respond to the latent demand among existing businesses for more and better entrepreneurship education and mentoring/coaching.
- b. A revised Roadmap for Social Innovation is being drawn up with the partners in the field, elaborating the role and contribution of the field and opportunities to recruit an Ambassador for Social Innovation;
- c. Supporting the annual Social Innovation Day in collaboration with private parties, for active distribution of knowledge and examples of good practice.
- d. Encouraging entrepreneurship at a young age: The Young Enterprise Foundation will receive a subsidy totalling € 900,000 over the next three years to roll out entrepreneurship on a larger scale from primary school to pre-university education. I will continue to ensure that young people learn about business, enterprise, and ambition at an early stage.
- e. Physical places are also important: the pilot project in the creative sector has an important role to play here (see under the heading "access to innovation").

7. Access to the world

Companies with growing ambitions must look to other countries. The earning capacity of the Dutch economy is strongly influenced by the Netherlands' competitive position on export markets. It is also crucial to work with foreign players in international knowledge and innovation clusters: it brings in new knowledge, prevents duplication of research and offers scope to explore new export opportunities.

The analysis in the Agenda StartUpNL shows that for Dutch SMEs, particularly start-ups, it is often difficult to get a foothold in other countries. This is partly due to being unfamiliar with procedures, rules, customs and habits, and the fact that start-ups are not always financially in a position to present their product and business.

The Government is therefore working on strong economic diplomacy, effective promotion of Holland branding abroad, trade missions and stimulating cooperation on innovation. During the parliamentary committee meeting with members of government on export promotion on 19 December last, the Minister of Foreign Trade and Development Cooperation undertook to work on an internationalisation strategy specifically for SMEs. She will report on this before the summer in a letter to the House, in which she will also describe the specific problems affecting start-ups.

There are also private and public-private initiatives to encourage businesses to take the leap into foreign trade. One example is DutchBaseCamp, a public-private initiative to help Dutch start-ups to make the move overseas and to give start-ups in the United States the chance to conquer Europe.

In addition to the measures which the Minister of Foreign Trade and Development Cooperation will report on before the summer, the Government will take the following action:

- Following the suggestion in the Agenda StartUpNL to appoint an ambassador for start-ups, the Government will appoint a special envoy for start-ups. The details of the post have yet to be worked out.
- Support for DutchBaseCamp from 1 January this year.

8. Supporting legislation and regulation

I still too often see entrepreneurs hampered in their ambition by unintentionally complex or expensive regulation, or by the way the rules are implemented by different government and supervisory bodies. This is a shame, because unnecessary and unclear requirements in relation to legislation and regulation cost businesses a lot of time and money. In addition to the current general measures to reduce the burden of administration, the Government will review the options to address specific obstacles facing ambitious entrepreneurs (Parliamentary papers, 29362 no. 225).

Ambitious entrepreneurs find that legislation and regulation present barriers to growth. They point particularly to employers' obligations in relation to sickness and pensions that make start-ups in particular fearful of taking people on; the bankruptcy legislation which can unnecessarily delay the launch of new businesses by experienced entrepreneurs, and the non-competition clause. Previous governments have also done much to remove barriers to recruitment of personnel. Payroll tax has been simplified, the concept of pay has been simplified and the premiums for incapacity insurance have been corrected leading to a one-off reduction of the burden by €1.3 billion. In December 2013 the Minister of Social Affairs and Employment gave an undertaking to the House to investigate the problems relating to employers' obligations in relation to pay.

Under a non-competition clause, an employee may be barred from, or subject to restrictions in, taking up a post with another employer or starting a business in the same branch of industry. For the employer the non-competition clause is a way of protecting company-specific knowledge and preventing the "poaching" of clients. But it can be an obstacle to entrepreneurship by preventing or hampering the establishment of a new business.

The following actions are intended to counter these problems:

- a. The findings of the research by the Minister of Social Affairs and Employment into problems associated with the employers' obligations in relation to pay should be presented to Parliament in the last quarter of 2014.
- b. Rational bankruptcy law; The Minister of Security and Justice is currently carrying out a radical review of the Bankruptcy Act, as announced in the bankruptcy fraud letter of 26 November 2012, in form of Bills 1, 2 and 3 on the Continuity of Enterprises, which are intended to provide for economically optimal solutions for enterprises in difficulties. At the same time measures to counter fraud, to which many entrepreneurs fall victim, are being strengthened. The House has been informed in detail about this, most recently on 6 February last during the parliamentary committee meeting on Security and Justice;
- c. The government and social partners consider that the interests of the employer in a non-competition clause relating to temporary contracts do not in principle outweigh the interests of the employee. Therefore the Work and Security Act, sent to the House in December 2013 by the Minister of Social Affairs, restricts the scope for frivolous use of the non-competition clause. The Work and Security Bill now provides that non-competition clauses may not be included in contracts for a specified period. If an employer wishes nonetheless to include a non-competition clause in such a contract he must indicate in the contract of employment which overriding business or service interests necessitate the inclusion of a non-competition clause. The Social and Economic Council will be asked for advice on whether a more radical amendment of the statutory regulation or any other measures are required.

In conclusion

With these actions I seek to remove the barriers that hamper the growth of ambitious entrepreneurs. I will report on the progress of the Action Agenda for Ambitious Entrepreneurship in my letter on the progress of Industry Policy.

With this agenda I hope to encourage a change in attitude to ambitious entrepreneurship in the Netherlands, and to create scope for excellence so that top entrepreneurs are seen more as role models. By celebrating successes and appreciating ambition, other entrepreneurs are inspired to raise themselves and their employees to a higher level of knowledge and motivation.

The Netherlands has traditionally been a country of entrepreneurs. With their innovative ideas and commercial instincts they have made our country what it is today: an attractive place to live, to invest and to innovate. But it must also become an attractive place for a business to go on growing and become a world player. That is what I am working to achieve.