National Reform Programme 2016

The Netherlands

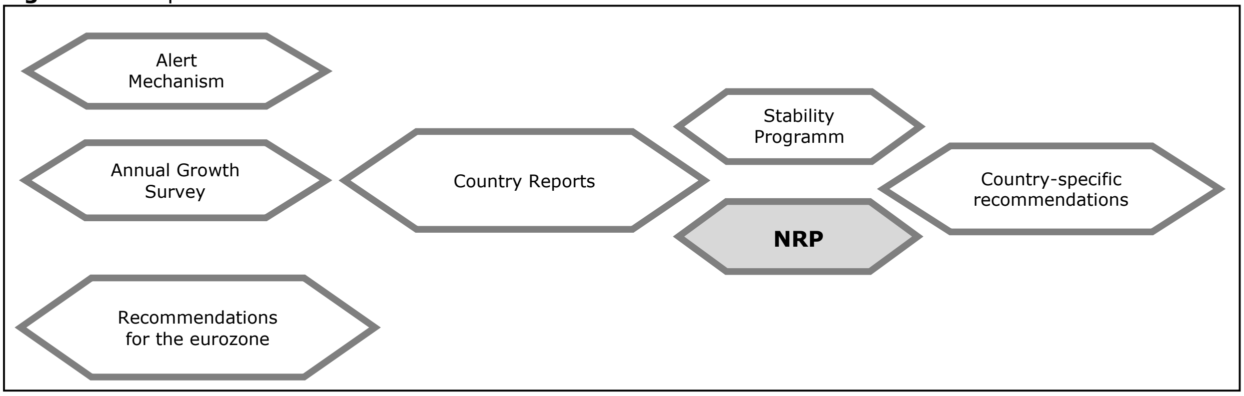
Contents

1. Introduction

1.1. European Semester

The European Semester is an annual cycle of economic and budgetary policy coordination in the European Union, which starts in the autumn with the publication of the 'Alert Mechanism Report' and the 'Annual Growth Survey' by the European Commission. This is the first year that the European Commission has issued its recommendations for the eurozone at the start of the European Semester. This may enable national policy measures to respond better to the challenges facing the entire eurozone. Following research in and contact with the Member States, the Commission's country reports on the state of the economy and progress on country-specific recommendations of the previous Semester and the wider Europe 2020 strategy targets will be released in February. The country report also contains an in-depth study for Member States, whereby the Alert Mechanism Report serves as a basis for further analysis of potential macro-economic imbalances. Following on from this, at the Stability or Convergence programme and the National Reform Programme (NRP) in spring, Member States will report on the budget, the state of the economy and economic reforms in the light of previous recommendations and the Europe 2020 strategy targets. Together with the country reports and bilateral contracts, these programmes serve as a basis for the new country-specific recommendations that the European Commission will propose in May and will be adopted by the European Council, either with or without the proposed amendments, in June.

Figure 1: European Semester



As in 2015, the focus of this NRP lies on the one hand on how the country-specific recommendations for the Netherlands in 2015 have been and are being implemented and, on the other hand, the progress towards national goals within the framework of the Europe 2020 strategy. The NRP also includes a response to the Commission's findings and assessment of the progress that has been achieved, as described in the Country Report Netherlands 2016[1,2].

1.2. How to read this document

The NRP has been prepared in accordance with the guidelines issued by the European Commission. Chapter 2 outlines the macro-economic context. Chapter 3 describes the ways in which the government implemented the country-specific recommendations for the Netherlands for 2015. The progress the Netherlands has made with regard to the Europe 2020 Strategy targets is described in chapter 4. Finally, chapter 5 explains how the Lower House and Senate, management and labour and local authorities were and are engaged in the creation of the NRP.

In addition to this NRP, the Netherlands will also submit the Stability Programme (SP) to the European Commission. The contents of the two documents overlap to a certain extent, for example in the area of macro-economic prospects. The SP reports primarily on budgetary developments and budgetary policy, while the NRP focuses on the package of policy measures. These documents refer to each other where relevant.

[1] European Commission, 26 February 2016, 'Country Report Netherlands 2016', SWD (2016) 87.
[2] The response, which is integrated in the NRP, replaces the standard BNC fiche.

1.3. Country Report Netherlands 2016

On 26 February 2016, the European Commission published the Country Report Netherlands 2016 within the framework of the European Semester. This document contains an in-depth review of potential macro-economic imbalances in the Dutch economy, an analysis of other structural economic developments and the Commission's assessment of the progress made on implementing the country-specific recommendations.

The country report covers a wide range of topics. Of particular importance is the Commission's finding that there is an imbalance in the Netherlands – albeit non-excessive – in the area of high household debt, mainly as a result of the housing market situation. The Commission hereby drew the same conclusion as in previous years. The threat posed by this imbalance was scaled in the lowest category. This means that the Commission will take no further measures, but will continue to monitor further developments.

The Commission found that the housing market had made a recovery in comparison to the previous year. It stated that a recovery on the housing market may be accompanied by an increase in mortgage debts, but that the risk of new excesses had been reduced by the stricter mortgage requirements such as the lower maximum Loan-to-income (LTI) and Loan-to-value (LTV) ratios. The Commission found that the government had made some progress on improving the functioning of the housing market in the past year. It was particularly positive about the measures on the rental market initiated by the Housing Act. According to the Commission, the Netherlands has shown no improvement with regard to the owner-occupier market. Once more, the Commission advocated phasing out the mortgage interest relief scheme more quickly.

In addition to the housing market, the Commission's in-depth study into potential imbalances also examined the underlying causes of the current account surplus in the Netherlands. The Commission concluded that in previous years, the surplus was partially of a structural nature and can mainly be explained by the high savings of non-financial companies. The Commission finds that this may be linked to the high number of multinationals in the Netherlands due to the advantageous business climate for multinationals. The Commission states that the increase in the surplus since 2009 is not structural. The decrease in the budget deficit and deleveraging by households have made a large contribution to this. The Commission states that further deleveraging by households would be desirable. In the short term, economic recovery and a decrease in gas exports may contribute to a drop in the surplus. The Commission also refers to tax reductions, which may have a downward effect on the surplus.

Response to the Commission analysis

After several years of economic difficulties, the Dutch economy grew by 2% in 2015. A growth of 1.8% is expected in 2016. The recovery is widespread, mainly driven by increased household consumption as a consequence of improved consumer confidence. At the same time, forecasts indicate a number of risks that could slow down recovery. These risks include geopolitical tensions outside Europe, disappointing growth in the eurozone, continuing low inflation and the uncertain economic effects of recent migration flows.

In recent years, the government has implemented the proposed structural reforms of the owner-occupier and rental market. The reforms contribute to a more balanced and stable housing market with more mobility, fewer financial risks for households and the financial sector, and lower fiscal spending. The measures taken by the government have created calm on the housing market. The government considers that such calm is necessary to allow the housing market to recover. It is positive that this recovery continued on the owner-occupier market in 2015. In view of the large number of underwater mortgages, this recovery is of crucial importance. The government's housing market policy will be examined in greater detail in chapter 3.2.

The government acknowledges the Commission's analysis that the current account surplus is primarily caused by structural features of the Dutch economy, such as its advantageous geographical location, the ability of its business communities to compete and the gas revenues. The government hereby notes that the efforts to limit the private debt burden make it difficult to reduce the current account surplus. The government welcomes the Commission's insights into the savings surplus of the Dutch business sector, which could contribute to the discussion on the balance between saving and investing in the Dutch economy.

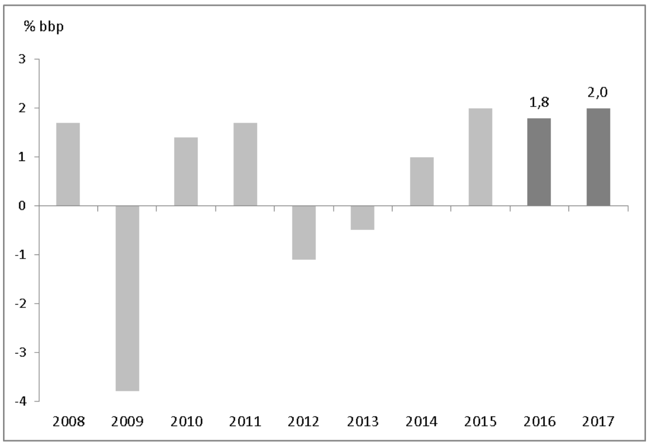
The government agrees with the Commission's statement that the rise of flexible ways of working presents challenges, while acknowledging the importance of such flexible work forms to the economy. The Work and Security Act was an attempt by the government to narrow the gap between permanent and flexible work. To reduce the differences in the institutional treatment of self-employed persons and employees, the government also announced measures along the following three lines: combating pseudo self-employment, making it more attractive for employers to hire employees and accessible protection for the self-employed. The government acknowledges that a more fundamental solution is necessary in the long term in order to reduce the differences in the institutional treatment of self-employed persons and employees. A broad political and social debate is needed to create a support base for this. The government is making an active contribution to this.

Finally, the government finds that the Commission's finding that the Netherlands has generally made limited progress in the past year towards implementing the country-specific recommendations cannot be seen apart from the progress made in previous years. In 2012, 2013 and 2014 the Netherlands was among the top four countries with regard to the level of implementation.

2. Macroeconomic situation and outlook

In 2015, the Dutch economy reached its pre-crisis level for the first time in eight years. The GDP grew by 2%. Without the depressing effect of lower gas production as a result of the lowering of the gas production limit, growth would have been 2.4%. The Netherlands Bureau for Economic Policy Analysis (CPB) expects that economic growth will continue in the coming years, with an increase of 1.8% this year, and 2.0% in 2017. The underlying growth is similar in both years. The lower gas production will reduce growth in 2016 by 0.2%.

Figure 2: GDP growth 2008-2017



Export has been making a positive contribution to economic development since 2010. In the wake of export, domestic spending slowly began to increase, so that recovery has become more widespread. This development continued in 2015. Domestic spending has taken over the baton from export, as it contributed more to the GDP than export in 2015.

CPB forecasts paint a similar picture for 2016 and 2017. Employment is increasing in a number of areas and the housing market is continuing its recovery. Due to the increase in employee wages, households have more money to spend. The improving economy is also increasing companies' profitability, allowing them to invest more. Consumer spending is expected to increase by 1.6% in 2016 and by 2% in 2017. The CPB expects that investments will increase by 6% in 2016 and by 4.2% in 2017. These developments are being supported by a 5 billion package, low oil prices and the ECB's monetary policy. Lower gas extraction, however, is inhibiting this growth. According to the CPB the reduction in gas extraction from 33 billion to 27 billion cubic metres in 2016 will reduce economic growth by 0.2% point. Export growth remains stable at 3.6% in 2016 and 4.1% in 2017.

Table 1: Short-term estimates for the Central Economic Plan 2016.

	2014	**2015**	**2016**	**2017**
Percentage change, unless stated otherwise	*Result*	*Result*	*Estimate*	*Estimate*
Gross domestic product (GDP)	1.0	2.0	1.8	2.0
Household consumption	0.0	1.5	1.6	2.0
Government consumption	0.3	0.3	2.0	0.2
Total investments (including inventories)*	2.7	7.2	6.0	4.2
Business investment*	4.4	8.4	5.7	3.7
Export of goods and services	4.0	5.3	3.6	4.1
Import of goods and services	4.0	6.4	5.0	4.5
Unemployment (in % of labour force)	7.4	6.9	6.5	6.3
Unemployment (in thousands persons)	660	614	580	570
Purchasing power, static, median*	1.4	1.0	2.3	0.2
Inflation (harmonised index of consumer prices)	0.3	0.2	0.3	1.0
EMU balance	-2.4	-1.8	-1.7	-1.2
Structural EMU balance*	-0.6	-1.0	-1.6	-1.2

Source: CBS (actual figures) and CPB, CEP 2016 (estimates). *Actual figures are based on CPB sets (in connection to availability and/or deviating definition)

As with domestic spending there has been a recovery on the labour market since mid-2014. However, the rate of this recovery is an area of concern. Employment is increasing thanks to the economic growth: in 2015 the number of jobs in the Netherlands reached above ten million for the first time. At the same time, labour supply is also increasing. On the one hand, this is a trend (greater participation of women), and on the other hand it is the result of policy (gradual raising of state pension age and the 5 billion package) These developments have ensured that the unemployment figures are currently decreasing at a modest rate, to 580 thousand in 2016 and 570 thousand in 2017.

Although economic growth is becoming increasingly pronounced, it is enveloped by uncertainties in the international arena. The open nature of the Dutch economy makes us vulnerable to developments in the global economy. A moderate global recovery is expected in 2016. The developed economies are continuing to grow at a steady pace. In the eurozone, recovery is being supported by the low oil prices, the low interest rates and the advantageous exchange rate. The reforms that have been implemented in several countries are also bearing fruit[3]. Growth is slowing down in the upcoming economies. Risks for the global economy are mainly downwards. This can be partially attributed to insecurities surrounding the slowdown in economic growth in upcoming economies (especially China) and developments in the price of oil. This could be seen in the volatile stock exchanges in early 2016. Finally, the geopolitical tensions in Russia and the Middle East may increase this year and the referendum in Great Britain may have a negative impact on the financial stability of the eurozone.

Reform programmes in recent years have examined in detail the various packages of measures that have been implemented in the past few years, namely the 2010 coalition agreement, the 'spring agreement', the 2012 budgetary agreement and the 'six billion package'. The mid to long-term effects have also been mapped out[4]. A new important structural reform is the five billion package. The government has released €5 billion to reduce the tax burden on labour. This easing of the tax and premium burden allows more room for spending in the short term. According to the CPB[5] this package will lead to 0.2% and 0.3% extra growth respectively in 2016 and 2017. This is intended to create more growth potential for the Dutch economy. This targeted reduction of taxes on labour will lead to an improved functioning of the labour market, greater participation in the labour market and therefore more people in employment. Structurally, the package will create 35,000 extra jobs.

[3] European Commission, winter estimate, February 2016.
[4] NRP 2014, annex to Parliamentary Documents 21 501-07, no. 1148 and NRP 2013, annex to Parliamentary Documents 21 501-07, no. 1041.
[5] MEV 2016.

3. Country-specific recommendations

In June 2015, the Council adopted three recommendations for the Netherlands on the basis of a proposal from the European Commission. These recommendations concern research and development, the housing market and pensions, and identify major challenges and specific areas of concern for the Dutch economy. A more extensive discussion of each recommendation is contained in paragraphs 3.1 through 3.3. Paragraph 3.4 explores the relationship between Dutch government policy and the recommendations for the eurozone as a whole.

3.1. Research and development

3.1.1. Council recommendations

The literal recommendation formulated by the Council reads as follows:

Government expenditure should shift to supporting investments in research and development (R&D) and working on the preconditions necessary to improve private R&D spending in order to reverse the downward trend in public R&D spending and to increase the potential for economic growth.

3.1.2. New policy based on the recommendation

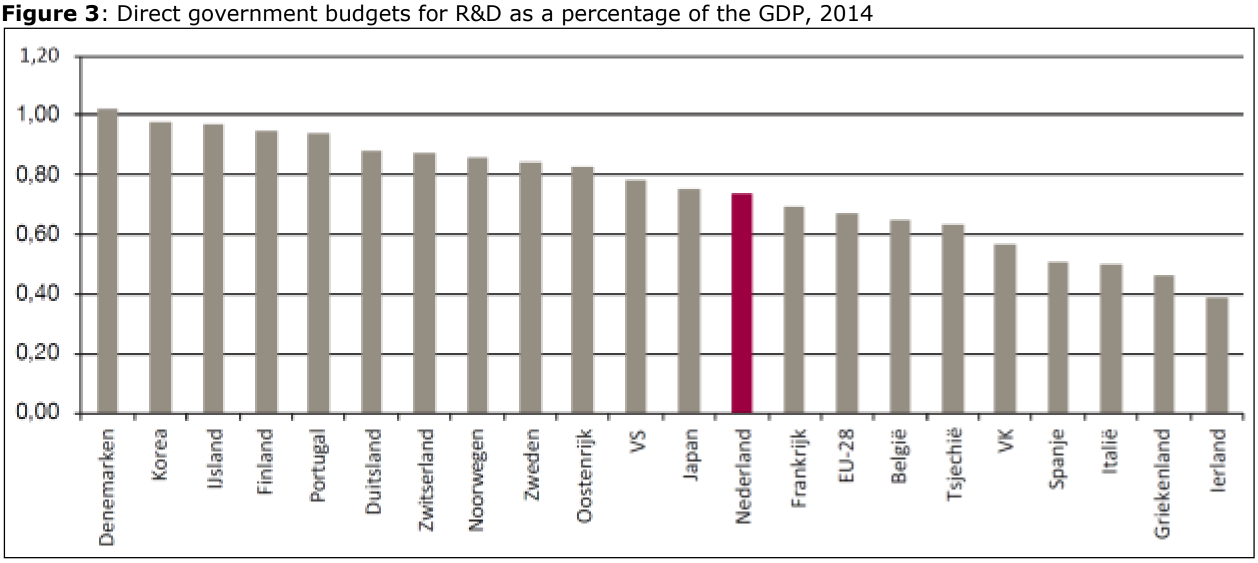
Public and private investments in research and innovation are crucial for future economic growth. The government wishes to increase these investments in order to strengthen long-term growth and to keep sight of the Dutch objective to spend 2.5% of the GDP on research and innovation by 2020 (in 2014, this was 1.9% of the GDP). Paragraph 4.2 explores achieving this objective in more depth.

The government works closely together with companies, knowledge institutions and local and regional authorities to formulate effective enabling conditions for research and innovation. The policy is divided into a generic and a specific track. All companies, especially SMEs, benefit from the generic policy. Examples of this include a reduction in regulations, a good match between education and the labour market (Technology Pact), the availability of financing for risk-bearing businesses (including the SME+ investment fund and innovation loans), stimulating fiscal schemes for innovation, an efficient system for intellectual property and the promotion of corporate social responsibility.
The specific track consists of the top sectors approach. The core of the top sectors approach consists of Public-Private Partnerships (PPP) between companies, knowledge institutions and the government in the form of innovation contracts. The use of the involved parties' resources are stipulated in these contracts. Both tracks have instruments that are intended to stimulate private spending on research and development.

- In early 2016, the fiscal innovation schemes, the Promotion of Research and Development Act (WBSO) and the Research & Development Tax Credit (RDA) were integrated into a single scheme. This scheme is now more attractive and transparent for Dutch companies. The budget has also been increased as a result of not implementing a task. The government will increase the budget for this scheme by €100 million from 2016 and by €115 million from 2017.
- In 2015, €40 million was made available for investment in advanced research facilities. This pertains to the research section of the Future Fund. This scheme makes it possible for research organisations or consortia of institutions and companies to apply for risk-bearing loans for advanced research facilities.
- On 5 October 2015 the Knowledge and Innovation Contracts for 2016-2017 were signed, setting out the joint investments of companies, knowledge institutions and the government in research and innovation. In 2016 and 2017, €4.1 billion is available, approximately €2.1 billion of which is private resources.
- The Top Consortia for Knowledge and Innovation (TKI) allowance scheme has been simplified to give knowledge institutions and the business sector certainty on whether their public-private partnership will receive financing at an earlier stage.

- The government works together with other authorities to improve SME's ability to compete, by coordinated use of tools and resources for SME innovation (MIT-SME Innovation Stimulation for Top Sectors). The government also works via Regional Development Companies (ROMS) to achieve stronger regional involvement in Early Phase Financing and Investor Relations. These joint efforts produce more uniformity and coherence in the regulations for innovation advice, feasibility projects and R&D collaboration projects at national and regional level. In 2015, the government made €50 million available to companies through the MIT scheme. The budget for 2016 has been increased to €55 million. From this year all provinces will participate. The invitation to tender is expected in May 2016.
- Building on this cooperation, the central government and regions made new agreements in early 2016 on support and services for SMEs and international cooperation. In the next few years, the Netherlands Foreign Investment Agency (NFIA) and regional development companies will focus on attracting innovative foreign companies to strengthen the ecosystems of the top sectors.
- The government wishes to take steps in the near future to make legislation and regulations future-proof and innovation-friendly, in view of the ever accelerating speed at which new innovations are being introduced.
- At European level, the Horizon 2020 framework programme and the European Fund for Regional Development stimulate private and public R&D expenditure. The government is deploying resources for State Co-financing. Furthermore in 2015 the Encouraging European Research (SEO) regulation was set up to increase Dutch participation in publicly financed knowledge institutions within EU programmes for research and innovation.
- Curiosity-driven, independent research is a crucially important "breeding ground" for many - often unexpected - new insights and solutions regarding social challenges and innovations. No spending cuts have been made to fundamental research. This was made possible by the extra resources allocated by the 2012 Coalition Agreement and the 2014 Budgetary Agreements.
- The predictability and stability of the first funding streams for universities will be increased by working with three-year averages and by lowering the promotion bonus.

Figure 3: Direct government budgets for R&D as a percentage of the GDP, 2014



Source: Eurostat

It appears that when compared to other countries, direct public R&D investments in the Netherlands lie above the EU average (see Figure 3). If indirect measures, such as the WBSO and RDA fiscal measures, were also taken into account, the Netherlands's score would be higher because the Netherlands belongs to the international vanguard with regard to fiscal incentives for research and development.[6] Although the Netherlands is not an international leader when it comes to direct budgets for R&D, it achieves extremely high scientific performances. Dutch science is characterised by excellence. This can be seen by the position that Dutch universities occupy in the international rankings. The Shanghai 2014 ranking placed all Dutch universities in the top 500, an excellent

[6] OECD (2015), 'STI scoreboard 2015', page 170.

performance, as there are almost 9,000 universities across the world according to estimations. Utrecht University has been ranked as the top scoring university for years.
The QS World University Ranking compiles a list ranking the top 800 universities. The Netherlands has six universities in the top 100, with the University of Amsterdam as the highest scoring Dutch university. This ranking order is different than the Shanghai Ranking.

The Business Policy Report shows that the business policy is obtaining ever more results.
In 2015, the Netherlands rose from the sixth to the fifth place on the list of the European Innovation Union Scoreboard and from the eighth to the fifth place on the list of the World Economic Forum. In 2015, the Netherlands occupied fourth place globally in the World Economic Forum's Networked Readiness Index for the 3rd consecutive year. This Index measures the degree to which a country is ready to participate in and benefit from the opportunities of information and communication technology (ICT).

Table 2: Resources provided by the Central Government for research and innovation (in millions of euros)

	2014	**2015**	**2016**	**2017**	**2018**
Fundamental research	3,243	3,326	3,296	3,273	3,250
Applied research at TO2 institutions[7]	435	397	388	370	365
Spending by ministries, remaining	1,335	1,559	1,359	1,290	1,243
Fiscal resources for R&D and innovation	1,671	1,668	1,779	1,756	1,756
Total	6,684	6,949	6,821	6,689	6,614

Source: Own calculation based on data from Rathenau[8] and resources of the Innovation box[9]

In the period following 2008, public spending for research increased as a result of temporary measures to combat the crisis. The government then took measures to get public finances back on track. In relative terms, spending on research and innovation was spared. Measures were also taken to provide extra incentives to encourage private spending on research and innovation. Table 2 shows the development of public spending on research and innovation (including indirect tax incentives for companies) for the period 2014-2018. In the next few years, the current long-term estimates show a slight decrease in the resources for research and innovation in terms of absolute scope. In relation to the GDP, forecasts by Rathenau suggest that this decrease (excluding the resources for the innovation box) will involve a decline from 0.93% of the GDP in 2015 to 0.82% of the GDP in 2018. It is not certain how the decrease in public resources for research and innovation will affect R&D intensity in the Netherlands. Chapter 4.2 explains in detail measures for meeting the R&D targets.

3.1.3. Country Report Netherlands 2016

The European Commission finds that although the Netherlands has taken measures, it has achieved limited progress with regard to implementing country-specific recommendations on research and development. The Commission also finds that despite the measures taken, total government support for research, development and innovation will continue to decline in the long term.

[7] Excluding resources from the TKI allowance.
[8] Rathenau (2016), 'Voorpublicatie TWIN'.
[9] The resources for the Innovation Box are (as in previous years) based on an assumed amount of €625 million per year This is the amount in lost income from corporation tax as a result of the Innovation Box that was estimated for the structural situation when the Innovation Box was introduced ('Use of innovation box 2010 - 2012', Letter from the State Secretary for Finance to the Lower House, 13 January 2015). In the meantime an increasing scale, rising from €361 million in 2010 to an anticipated €742 million in 2012 (KST 34 302, no. 111) has been announced. This amount may increase further in the years following this. As there is no information on this point, the original estimate of €625 million for the structural situation has been assumed for the years 2014-2018.

Response to the Commission analysis
The government acknowledges that investments in research and innovation are crucial for future economic growth. Despite the spending cuts necessitated by the crisis, public spending on research and innovation has been spared, in relative terms. Investments in university research and non-application oriented research have been maintained and have even increased slightly.

Although the Nederland's' innovation capacity is still strong, it is important to increase these investments to strengthen long-term growth and to keep sight of the Dutch objective to spend 2.5% of the GDP on research and innovation by 2020.
To further this aim, the government wishes to further encourage private expenditure on research and development. It is primarily doing so through fiscal measures that have proven effective, such as the WBSO and the top sector approach. Looking towards the future, it is important to utilise further opportunities to increase both public and private expenditure on research and innovation. The Commission also called upon the Netherlands to do so in 2015.
The Commission states that it remains to be seen how effective the top sector policy is in increasing private investments in R&D. By incorporating the top sector approach as part of the enterprise policy, the government is working on building smart collaborations between knowledge institutions, government and companies, targeting the strong sectors of the economy. The government is trying to tackle bottlenecks in various areas, including R&D cooperation, human capital, regulations and economic diplomacy in order to promote growth in these knowledge-intensive sectors. This approach is broadly focussed on the functioning of the innovation system. The top sector approach will be evaluated in 2016.

3.2. Housing market

3.2.1. Council recommendations
The Council's recommendation reads as follows:

If the economic recovery increases, strive to accelerate the reduction in mortgage interest relief in order to reduce fiscal incentives to invest in unproductive assets. Implement a more market-oriented pricing mechanism on the rental market and link rents to household incomes in the social housing sector to a greater extent.

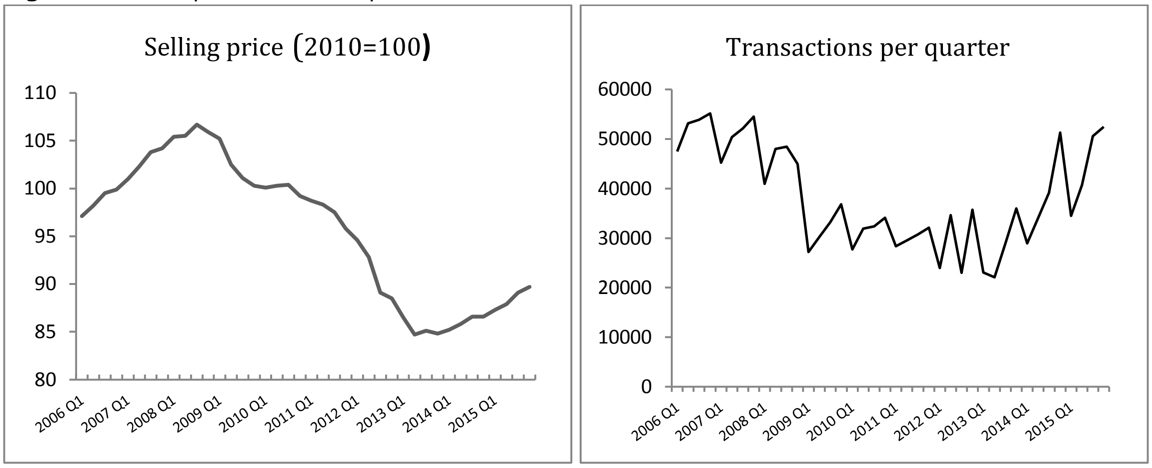
3.2.2. New policy based on the recommendation

The owner-occupier market
This government has taken clear measures on the mortgage market to reduce the high debt of Dutch households. Entitlement to mortgage interest relief for new loans is linked to the condition that the mortgage loan must be fully redeemed on an annuity basis within 30 years, while the maximum Loan-to-Value (LTV) will be reduced to 100% in 2018. Mortgage interest tax deductibility will be gradually reduced from 52% to 38%. With these measures, the necessary steps have been taken towards a more stable housing market with lower levels of debt. Government policy is now focused on stability, as this will serve as a basis for further recovery of the housing market.

This further recovery is important because as a result of the crisis an ever increasing number of households had underwater mortgages. Although this number is declining, 960,000 households were still in this situation at the end of 2015. In recent years the government has taken a number of measures to support this group, such as the fiscal deductibility of interest on residual debt and offering them the opportunity to finance their residual debt under a new NHG backed mortgage, subject to conditions. Lenders have also made significant policy adjustments. This has greatly increased the financeability of residual debts.

It is also relevant that the housing market has picked up significantly in urban areas. The national growth rate for the housing market conceals the fact that this growth is not equally distributed over the different regions in the country. In a number of regions, such as Zeeland and Overijssel, there has been scarcely any recovery. Further policy stability will help households with an underwater mortgage to stabilise their financial position.

Figure 4: Development of house prices and the number of transactions



Source: CBS

Rental market
The reformed housing valuation scheme (WWS) entered into effect on 1 October 2015. Under the new points system, a quarter of the permitted rent is based on the valuation of immovable property (WOZ). This means, for example, that higher rent may be charged for buildings in attractive locations, such as the centre of Amsterdam. This will reduce the gap between the permitted rental price and the market-based rental price. It has also been made possible to increase rent according to the income of tenants within the regulated rent sector, to discourage tenants who could afford a more expensive home from staying in the social rental sector in the long term.

The new Housing Act entered into effect on 01 July 2015. An important part of this law is that housing corporations must once more concentrate on their core task: providing housing for low-income households. As from 01 January 2017, they must make a legal or administrative division between their public housing (SGEI[10]) activities and their commercial (non-SGEI) activities. They have been given a year to implement this division. Corporations must conduct their non-SGEI activities under market conditions. This means that they will no longer have access to loans that are cheaper because they are guaranteed by the Guarantee Fund, Public Sector Housing (WSW). This is intended to create a fair playing field where private investors can compete within the non-SGEI sector on an equal footing.

3.2.3. Country Report Netherlands 2016
The Commission finds that the Netherlands has not made any progress on the owner-occupier market because there has been no acceleration of the reduction of mortgage interest relief. It is more positive about the rental market and states that some progress has been made towards introducing a more market-oriented price mechanism and that significant progress has been made in linking rent prices to income.

Response to the Commission analysis
Paragraph 1.3 has already dealt with the Commission's findings on the housing market. In recent years, the government has implemented the announced structural reforms of the owner-occupier and rental market. The reforms contribute to a more balanced and stable housing market with more mobility, less financial risks for households and the financial sector, and lower fiscal spending. The measures taken by the government have created calm on the housing market. The government considers that such calm is necessary to allow the housing market to recover. It is positive that this recovery continued on the owner-occupier market in 2015. This recovery is crucial in view of the number of underwater mortgages.

[10] SGEI stands for Services of General Economic Interest.

3.3. Pensions

3.3.1. Council recommendations

The Council's recommendation reads as follows:

Lower the amount of contributions to the second pillar of the pension system for people in the early years of their career.

3.3.2. New policy based on the recommendation

The government has done important work on the pension system: adjusting the Witteveen Framework, raising the standard retirement age, introducing the new financial assessment framework and regulations on administering funds, and improving communication on pensions. These are important measures that are necessary to preserve the pension system at the current time. However, these measures are not enough to make the system future-proof. It is also necessary to ensure that pensions are better aligned to how people live and work now and to achieve a better connection to personal circumstances and preferences of the heterogeneous participants. If people could temporarily pay lower pension contributions during an expensive life phase, they could increase their actual income at the expense of their pension income and achieve "consumption smoothing" over the course of their lives. This would increase prosperity. At the same time, it may be desirable to maintain features of the current pension system with regard to solidarity and risk sharing. This requires a strong, transparent system that people can trust.

During the National Pension Dialogue, opinions and wishes were collected from around the country. On the basis of this, the government sent a letter to the Lower House on 06 July 2015, sketching an outline of a new pension system with four main themes:

1. a differentiated approach; an adequate pension for all working people;
2. a shift to a more actuarially correct system of accruing pension;
3. moving towards a more transparent and simple pension;
4. more space for customised solutions and options (including more focus on aligning compulsory pension savings to one's life-course).

Four interdepartmental civil service working groups are currently working on these main themes. The accompanying working programme was sent to parliament on 18 December. The results will be presented in a policy discussion paper that will be sent to the Lower House in the summer of 2016. In this policy discussion paper, the government will not outline a blueprint of a future pension system, but will elaborate on a number of concrete versions within the framework and preconditions that were formulated in the letter of 6 July. Within the possible options the government will present as many preferred options as possible to organise a future-proof pension system, whereby various choices will be made with regard to the four main themes. These options will be calculated by the CPB. The problems of making the transition will also be discussed.

Defining the main outlines of a new pension system requires a coherent, combined approach from everyone involved in ensuring a good pension. There is a high level of involvement: not just the government, but management and labour and experts in the Social and Economic Council (SER) are working on developing this. Two working groups for the Social and Economic Council are examining the possibilities to depart from the standard system and develop a new type of pension contract with personal pension assets and risk sharing. The SER expects to report on the findings this spring. The four official working groups and the SER are maintaining close contact and are making working agreements to prevent duplication and to support each other wherever possible. The government considers the SER's findings important input for the elaboration memorandum that they will issue next summer. The same applies to relevant scientific research that will appear in the next few months, within the framework of Netspar (the Network for Studies on Pensions, Ageing and Retirement).

In the course of the summer, the government will conduct consultations with management and labour, societal organisations, pension administrators, supervisors and academics.

3.3.3. Country Report Netherlands 2016

The Commission finds that the Dutch pension system performs well in terms of quality and adequacy, but does less well in terms of effecting a balance between intergenerational distribution, transparency and flexibility. According to the Commission, the Netherlands has made limited progress because although the government has intentions to reform the second pillar, it has not yet decided upon a method for doing so.

Response to the Commission analysis

The government acknowledges the Commission's analysis concerning the high compulsory savings for households as a result of the large second pillar of the pension system, which places pressure on consumer spending, in particular that of younger employees. However, the government questions the Commission's conclusion that only limited progress has been made with regard to the implementation of the country-specific recommendation. First of all, the reforms of recent years have helped to make government finances more sustainable and have contributed towards a more balanced intergenerational distribution of costs and risks. As a result of these adjustments to the pension regulations, pension premiums have already decreased in the past few years, also for employees in the first phase of their career. However, these measures are not enough to make the system future-proof. The task ahead is to maintain the value of our pension system for the future. This requires a strong, transparent system that people can trust.

As has already been said, the government is currently working on the four main themes, and will present the results to the Lower House before the summer of 2016. The government has already announced its ambition within this context to tackle the standard system. It wishes to move to a more actuarially correct way of pension accrual, as long as the transition from the current system can be made carefully. There are several options to develop this further, but in the Framework Memorandum the government already announced a provisional preference for a system of age-unrelated premiums and degressive pension accrual, partly because a lower pension premium for young people implies a higher pension premium for the older segment, which would have a negative effect on their employability. The switch to a different method of pension accrual will have significant effects, which must be distributed evenly and transparently. The government wishes to develop a transition route in close consultation with labour and management and the pension sector. The government has stated that the switch may take place in 2020.

It is clear that the reform of the system of supplementary pensions is a comprehensive, complex and far-reaching operation that requires further social dialogue and a careful approach to technical, legal, fiscal and governance-related matters. As a good retirement provision is important for everyone, the government will tackle this issue with great care.

3.4. Relationship with recommendations for the eurozone.

On 29 February 2016, the European Council made the following recommendations for the eurozone as a whole[11]:

1. Pursue policy that supports economic recovery, promotes convergence, facilitates the correction of macro-economic imbalances and improves adaptability.
2. Implement reforms that combine the following:
    i. a smooth labour market transition and prevention of a two-tier labour market;
    ii. comprehensive strategies for life-long learning;
    iii. effective policies to reintegrate the unemployed back into the labour market;
    iv. fitting and sustainable social protection systems that contribute to societal inclusion and integration in the labour market;
    v. open and competitive product and service markets;
    vi. a reduced tax wedge, in particular for people on a low income, to promote job creation.

[11] For the full text of the recommendations: see Document 5177/16.

3. In 2016, keep to the planned, virtually neutral budgetary stance. With 2017 in mind, reduce the government debt to replenish budgetary buffers while preventing pro-cyclicality, in full compliance with the stability and growth pact.
4. Facilitate the gradual reduction of irrecoverable loans from the banks and improve insolvency proceedings for companies and households. Promote orderly debt reduction in Member States with high levels of private debt, by, among other things, facilitating the settlement of irrecoverable private debt.

The government agrees with these recommendations and acknowledges them in its policies. The government observes that the desired economic recovery is taking place. This is partly due to keeping control of public finances and to the reforms implemented by the government in previous years. The government is striving to reduce any remaining macro-economic imbalances in an orderly manner to promote economic recovery. Their efforts in this respect are explained in the following paragraphs.

The most important recent measure that is relevant in the light of the recommendations for the eurozone as a whole is the reduction of the tax wedge by means of the 5 billion package and the introduction of the low income benefit (LIV). Measures pertaining to the housing market have also contributed to a gradual decrease in private debt. The regulation of the labour market was reformed with the aim to make dismissal law simpler, swifter and less expensive for employers by introducing rules that are both fairer and more focussed on finding a new job. Measures on life-long learning were presented at the end of 2014[12]. On 21 December 2015, the government asked the Social and Economic Council (SER) for advice on the reintegration into the labour market of the long-term unemployed and sick[13]. The budgetary stance addresses this, along with the Stability Programme presented in this NRP.

[12] Parliamentary Documents 2014/15, 30012, no. 41.
[13] Parliamentary Documents 2015/16, 29 544, no. 679.

4. Status of the Europe 2020 strategy

On 17 June 2010, the European Council adopted the Europe 2020 Strategy, the EU's growth strategy for the period 2010-2020. Five key policy areas, covering employment, research and innovation, sustainable energy and climate, education, and social inclusion were formulated. The various sub targets as set out in the table below, must be achieved by 2020. The targets at the European level have been translated into specific national targets for the Member States, taking into account country-specific conditions and challenges. The joint effect of attaining these national challenges will lead to the Europe-wide objectives being met.

Table 3: Overview of objectives and results of the Europe 2020 strategy

EU headline targets of the Europe 2020 Strategy	Target for the Netherlands	Result in 2014
Employment		
Increase in labour participation (20 to 64 years) from 69% to 75% [14]	80%	76.5%
R&D		
Increase in R&D spending from 1.9% to 3% of GDP	2.5%	1.97%
Sustainable energy and climate		
20% reduction in CO_2 emissions		
Non-ETS sectors	*-16%*	*-18%*
ETS sectors	*N/A*	*N/A*
20% energy out of renewable sources	14%	5.5%
20% increase of energy efficiency	1.5% per year[15]	1.2% per year (average 2004-2013)
Education		
Reduction in percentage of early school leavers	< 8%	8.6%
Increase in percentage of 30 to 34-year-olds with post-secondary education	> 40%	44.6%
Social inclusion		
At least 20 million fewer people at risk of poverty and social exclusion	100 thousand fewer jobless households	67 thousand more than at the start of 2008

A more extensive discussion of each target is contained in paragraphs 4.1 through 4.5.

Country Report Netherlands 2016

In the country report the European Commission states that with regard to the Dutch targets for the Europe 2020 strategy:

- labour participation among 20-64 year olds has increased to 76.5% and the target of 80% still seems feasible.
- the total R&D intensity of approx. 2% of the GDP has stabilised and is therefore below the Europe 2020 target of 2.5% and under the EU average.
- it is expected that the Netherlands will meet the target for greenhouse gas emissions, is on track for the energy efficiency target and that the target for renewable energy will continue to pose a serious challenge.
- the target figure of at least 40% of 30-34 year olds with post-secondary school education has been achieved and some progress has been made with reducing the percentage of early school leavers.
- the number of households with an extremely low labour intensity increased by 67,000 between 2008 and 2014.

Response to the Commission analysis

- In 2014 gross labour participation was 76.5%. This is well above the EU average. It is expected that labour participation will continue to increase in the years to come, thanks to the economic recovery and reforms that have been implemented. The government has asked the Social and Economic Council (SER) for advice on long-term unemployment. The government also acknowledges the Commission's finding that the labour market is characterised by increasing flexibility that is expressed by a shift between permanent contracts, flexible contracts and self-employment. The government finds that flexible employment relationships are important for the economy and wants to accommodate them. At the same time, the government wishes to prevent

14 The employment target at European level is defined in terms of net labour participation (75% in 2020), the national target is defined in terms of gross labour participation (80% in 2020).
15 As per the Energy Efficiency Directive 2012/12/EU.

flexible employment relationships leading to problems. It is therefore making efforts to combat pseudo self-employment and to reduce the difference between open-ended and temporary contracts.
- The government is continuing its efforts to increase investment in research and development to strengthen long-term economic growth and keep sight of the target (2.5% of the GDP in 2020). At the same time, the government states that the Netherlands has a relatively high level of labour productivity despite the relatively low level of R&D expenditure.
- According to the National Energy Outlook 2015, the Netherlands is on track to meet the cumulative non-ETS target in 2020. However, it appears that extra efforts were necessary in order to meet the other targets on time. Therefore policy has been intensified in cooperation with the other parties in the Energy Agreement. For further information, see paragraph 4.3.
- The Commission justly mentioned the good results of Dutch education in the country report as well as the government's efforts to improve education even further. Examples include the Human Capital ICT Innovation Agenda, the student loan scheme, and the efforts made with respect to quality, encouraging talent, training places and early school leavers.
- Despite the fact that statistics show an increase in poverty levels, they are still relatively low. The government is confident that their policy in combination with the economic recovery will lead to a reduction in poverty.

4.1. Employment

4.1.1. National targets
It is the ambition of the Netherlands to increase labour participation and for all to participate according to their ability. The government's aim within the context of the employment target in the Europe 2020 strategy[16], is to increase gross participation of the 20 to 64 year old group to 80% in 2020. In 2013 gross labour participation was 76.8%. This declined slightly to 76.5% in 2014. The CPB has calculated that as a result of the coalition agreement, the labour supply in hours will increase up to and including 2017. Structurally, the measures in the coalition agreement will lead to a 0.6% increase in employment.

4.1.2. New policy aimed at achieving the target
The government has initiated and implemented various legislative and policy programmes to increase labour market participation. The raise of the legal retirement age, labour market reforms, including the modernisation of dismissal law, changes to enhance the activating nature of the Unemployment Benefits Act and the introduction of the Participation Act will improve the functioning of the labour market due to enhanced labour mobility and higher labour participation.

Furthermore, as from 1 January 2016, incentives to participate in the labour market have been enhanced by making work pay better through a package of measures (5 billion package) to relieve structural tax burdens on labour. This package includes increasing the tax credits for employed persons and lowering the second and third tax brackets. This will bring significant improvements for employed persons next year. Childcare allowance and the income-related combination tax credit (IACK) will be increased. Both measures have a relatively large effect on labour participation. Research shows that the decision of young mothers to participate is particularly sensitive to financial incentives, as they make it easier for them to combine paid work and care for children. These measures also make a positive contribution to the economic independence of women. Finally, the government is committing resources to a financial contribution for employers to make it more attractive for them to employ people at the bottom of the labour market (low-income credit). These are people who earn between 100% and 120% of the minimum wage. This credit reduces labour costs for employers. According to the CPB the total package will yield 35,000 jobs in the long term.

[16] The employment objectives at the European level (75% in 2020) are defined in terms of net labour participation. In the Netherlands, net labour participation in 2013 and 2014 was 75.9% and 75.4% respectively (after statistical revision). According to the most recent figures, net labour participation has once more risen. In the second quarter of 2015 it was 76.3%.

Table 4: Description of the most important EU 2020 measures

Status of achieving national employment targets	Status of measures related to the targets	Predicted impact of the measures (qualitative/quantitative)
National 2020 target: : 80% ((gross) labour participation 20-64 yr. olds) Result in 2014: 76.5%	Most important policy measures: • Structural easing of the tax and premium burden (five billion package) • Raising the legal retirement age • Introduction of the Participation Act • Modernisation of dismissal law, limiting duration of unemployment benefits and tightening rules concerning 'suitable work' • Tax measures, including the lowering of tax credits, lowering of transferable levy reductions • Sectoral plans and Bridge Unemployment Benefit (Brug-WW)	The total package of measures from the coalition agreement will have a structural positive effect of 0.6% on employment. Furthermore, additional measures, such as the structural easing of the tax and premium burden implemented in 2016 will lead to additional incentives to participate in the labour market. According to the CPB the total 5 billion package will yield 35,000 jobs in the long term.

4.2. Research and innovation

4.2.1. National targets for the Europe 2020 strategy

Many Member States have set a national target of spending 3% of GDP on R&D by 2020. The Dutch objective is 2.5% of GDP because the sector structure of the economy has been taken into account. Compared to other countries, R&D-intensive sectors, such as the automotive industry, represent a relatively small share of the Dutch economy. According to the most recent (provisional) statistics from CBS, R&D spending in the Netherlands in 2014 remained stable at 1.97% of GDP (compared to 1.96% in 2013). The same applies to the share of R&D spending in the private sector (1.11% of GDP in 2014).

Table 5: R&D expenditures in the Netherlands as % of GDP[17]

	R&D expenditure in the private sector	R&D expenditure in the public sector	Total R&D expenditure
2011	1.08	0.83	1.90
2012	1.10	0.84	1.94
2013	1.09	0.87	1.96
2014	1.11	0.86	1.97

Source: CBS

Public resources for R&D and innovation rose in 2015 and will decline in the following years, albeit less than has been reported in previous years. From the historical perspective public investments in research and development are still relatively high and in 2017 they will be at the pre-crisis level (in proportion to GDP). The decrease after 2015 is due to the phasing out of Economic Structure Enhancing (FES) funding, the end of earlier innovation programmes and targets at TO2 institutes. Investments in fundamental research will remain at the same level. In the Tax Plan 2016 a remaining target for the WBSO/RDA of €100 million in 2016 and €115 million in 2017 and the following years will be reversed.

Expenditure by the ministries on R&D form a part of the total R&D spending in the Netherlands and therefore contribute directly to the government target to spend 2.5% of GDP on R&D in 2020. This target includes private expenditure in addition to the aforementioned public spending. There is no further division in the share of public and private spending in this target. In contrast to public spending, which is above the international average, private spending is still under the EU and OECD averages. This has remained broadly stable in recent years. In 2014 privately conducted R&D was 1.11% of the GDP.

An OECD analysis shows that the Netherlands scores slightly under the OECD average for private expenditure if a correction is made for the influence of the sector structure.[18] In the Netherlands the sector structure is characterised by a small share of technologically advanced sectors in the gross domestic product. The Netherlands also scores relatively high for spending on non-technological

[17] In this table the distinction between the private and public sector relate to conducting R&D rather than the funding sources of R&D (as in table 2 and figure 3). The figures in this table cannot be compared to the figures published in the NRP programme in earlier years, as a result of adjustments to the GDP and changes to the methodology used for making a distinction between the private and public sector.
[18] OECD (2015), 'STI scoreboard 2015', pages 188 and 189.

knowledge capital[19]. Partly due to this, the Netherlands has achieved a relatively high level of labour productivity despite the relatively low levels of private R&D expenditure.

New policy aimed at achieving the target
The government particularly wants to stimulate private spending on research and development. Fiscal measures and the top sector approach, new policy objectives and investment measures introduced by the government are the main tools for achieving the EU 2020 objectives described in paragraph 3.1.

The Netherlands and the European Research Area
One of the objectives of the European Research Area is for countries to ensure that they have an effective national research system. The Dutch research system and science are of a very high quality. To monitor that sufficient space is maintained, the Royal Netherlands Academy of Arts and Sciences (KNAW) together with the Rathenau Institute conducted research into the effects of policy developments such as university profiling and top sectors. The study revealed that there were no "blind spots" in the scientific system.[20] Areas of scientific study that are necessary from a national or international perspective have all remained in place. There were, however, "signal areas" that were in need of extra attention, according to KNAW. Nevertheless, the "high level with a number of peaks" that is characteristic of Dutch science remained intact.

A standard evaluation protocol (SEP) was introduced to uphold the quality of research. The SEP describes the methodology of the six-year evaluations of scientific research conducted at universities and in the Dutch Organisation for Scientific Research (NWO) and KNAW institutes. The present SEP (2014) was drawn up and adopted by the Association of Dutch Universities (VSNU), NWO and the KNAW. In the period 2015-2021 research conducted within these organisations will be subject to assessments that comply with the SEP. A commission has been appointed to evaluate the quality, scale, relevance and impact of the research.

In November 2014, the government published the '2025 Vision for Science: choices for the future', in which ambitions and policies were formulated to maintain the high quality of the Dutch science system. In this way, the Netherlands is making a further contribution to the development of the European Research Area (ERA). At the start of 2016, a progress report was published on whether the Netherlands is on track to achieve its ambitions. Funding opportunities for independent, curiosity-driven research will be maintained.

Furthermore, the Dutch National Research Agenda was published in 2015. The National Research Agenda ensures a connection between science and the research agenda in the rest of the knowledge chain. The agenda connects fundamental research to implementation and practice-oriented research on scientific and societal issues to promote multidisciplinary and interdisciplinary research and more combined programming by all parties involved. The agenda also provides direction for our efforts on a European level, particularly in respect of the "societal challenges" and "enabling technologies" stated in Horizon 2020. The publication of the National Research Agenda is a step towards maintaining and strengthening the leading position of Dutch science in the international context.

Investing in large-scale research facilities is of strategic importance, as it attracts top talent and ensures economic activity. To make strategic decisions regarding investing in facilities for fundamental research, a Permanent Commission for Large-Scale Research Facilities has been appointed within the framework of the Vision for Science. The commission is currently ascertaining investment opportunities and funding requirements and will draw up a recommendation on designing a new National Road Map for large-scale scientific infrastructures. It is expected that this National Road Map will be formulated in autumn 2016. This road map will be in line with the National Research Agenda and the European road map for large-scale research facilities of the European Strategic Forum for Research Infrastructures (ESFRI). ESFRI is a subject of the Dutch EU presidency and our ambitions for open science/open access are expressed in our presidency priorities and activities. In the Netherlands a

[19] Ministry of Economic Affairs (2015), 'Monitor bedrijvenbeleid 2015' and OECD (2015), 'STI scoreboard 2015', page 39.
[20] KNAW (2015), 'Ruimte voor ongebonden onderzoek. Signalen uit de Nederlandse wetenschap'.

partnership approach is taken towards the ERA. The stakeholders will also include the European Road Map of May 2015 in their actions and initiatives.

Table 6: Description of the most important EU 2020 measures

Status of achieving national R&D 2020 targets	**Status of measures related to the targets**	**Predicted impact of the measures (qualitative/quantitative)**
National 2020 target: 2.5% of the GDP Result in 2014: 1.97% of the GDP	Most important policy measures: • Financing public knowledge institutions • Tax instruments for R&D (WBSO, RDA, Innovation box) • Financing instruments • Future Fund • Matching and co-financing in the context of Horizon 2020 and EFRO • Top consortia for Knowledge and Innovation (TKIs) allowance • MIT scheme, in collaboration with the regions	Policy measures either contribute directly to public R&D expenditures or indirectly promote private R&D expenditures. Due to declining public budgets for these policy measures[21] in the 2014-2019 period, and because the GDP is expected to increase more than in the past few years, public R&D expenditure as a percentage of GDP is likely to decline after 2015. More Dutch projects in Horizon 2020 and better alignment to EU research and innovation priorities, more private investment and public-private cooperation in SME and leading sectors, higher private R&D expenditures, better availability of risk capital, more valorisation of knowledge, more high-tech R&D and innovative procurement.

4.3. Climate change and energy sustainability

4.3.1. National targets for the Europe 2020 strategy

The Netherlands pursues a realistic and ambitious green growth strategy, combining the pursuit of economic growth and greater competitiveness with improving the environment and capitalising on societal initiatives. In 2013, the government entered into an Energy Agreement for sustainable growth with more than 40 parties. Four of the ambitions of the agreement contribute to the European targets for climate change and a sustainable energy supply.

- Improving final energy efficiency by 1.5% per year;
- Additional final energy savings of 100 petajoules by 2020[22];
- An increase in the share of renewable energy to 14% by 2020;
- A further increase in the share of renewable energy to 16% by 2023;

To support the implementation of the policy measures agreed on in the Energy Agreement, a Quality Assurance committee has been appointed with an independent chairperson. This Quality Assurance committee monitors the progress of the implementation of the Energy Agreement and will address any problems which may arise swiftly and fittingly.

In 2015 major progress was achieved in implementing the Energy Agreement. After the National Energy Outlook (NEO) 2015 showed that additional efforts were needed to achieve the set objectives on time, policy measures were intensified, together with the other parties to the Energy Agreement. Renewable energy and energy efficiency policy measures are set out below.

The NEO 2015 shows that the renewable energy target for 2023 can be achieved. According to the NEO 2015, delays in the permit procedures and limited societal support led to the failure to meet the target set for onshore wind energy. To reduce these problems, major efforts are being made in the area of environment management and an area coordinator may be appointed.

The renewable energy incentive (SDE+) scheme is still the most important instrument for achieving renewable energy targets. In 2015 the SDE+ made an important contribution to achieving these targets. A total of 3.5 billion euros was made available for projects that will contribute 19 PJ to achieving the target. Increasing the invitation to tender budget to approximately 8 billion euros in 2016 will enable us to harness the great potential of renewable energy projects. For the first time, the

[21] Rathenau, February 2016, ‘Voorpublicatie totale investeringen in wetenschap en innovatie 2014-2020’ (Preliminary publication of total investments in science and innovation 2014 - 2020'.
[22] Energy savings of 100 PJ would more than equal the European target as stated in the Energy Efficiency Directive 2012/12/EU.

budget will be divided between two invitations to tender rounds in 2016. This increases the opportunity to adjust and ensure more submission opportunities for projects, which will be beneficial with regard to the duration period of projects.

Further intensification of policy measures will be shaped by a new scheme for small-scale renewable heat options that started on 1 January 2016. As no government instruments existed for these options, which could make a major contribution to the renewable energy targets, the Investment Subsidy for Sustainable Energy (ISDE) was launched. Progress was also made in other areas, such as mono-fermentation, geothermal power and renewable energy production in sporting accommodation so that these elements could contribute to attaining the renewable energy target.

The NEO 2015 made it clear that the Netherlands will continue to save energy at a sufficiently high speed in the years ahead. We are also on track to meet the targets from the European energy-efficiency directive. According to the NEO 2015, the target agreed upon in the Energy Agreement to save an additional 100PJ in energy is still out of reach. Therefore it was agreed in consultation with the parties to the Energy Agreement in late 2015 to intensify policy on energy saving. This intensification includes additional measures to save energy in the owner-occupier and rental sectors, stricter enforcement of the Environmental Management Act, agreements on a systematic roll-out of the 1-on-1 agreements in the energy intensive industry and various measures in the traffic and transport sector. Taking these additional measures has brought the 100PJ target once more into reach.

Table 7: Description of the most important EU 2020 measures

Status of achieving the national 2020 climate and energy targets	**Status of measures related to the targets**	**Predicted impact of the measures (qualitative/quantitative)**
National 2020 target: 16% reduction of greenhouse gasses in the non-ETS sector Result in 2013: 18% reduction of greenhouse gasses in the non-ETS sector	Most important policy measures: • More efficient vehicles • Energy efficiency in the built environment • More renewable energy generation in horticulture	The established and proposed policies are expected to lead to a further decline in emissions in the non-ETS sectors between 2013 and 2020 of 25% in 2020 in comparison to 2005.
National 2020 target: 14% renewable power generation Result in 2014: 5.5% renewable power generation	Most important policy measures: • Annual budget available for renewable energy projects in the SDE+ scheme • Incentives for small heat options through the ISDE scheme • Roll-out of offshore wind power • Reduced rate for local renewable energy generation • Agreements with provinces for achieving 6,000 MW onshore wind	In 2016, moderate growth is expected, but due to the operating funds provided by the SDE and the SDE+ scheme, regulations for renewable energy in transport and energy performance standards for buildings the share will grow substantially as from 2017
National 2020 target: 1.5% energy efficiency per year Result in 2013: 1.2% energy efficiency on average per year (2005 - 2013)	Most important policy measures: • Implementation of measures from the Energy Agreement, including the energy performance stimulus scheme for the rental and owner-occupier sector. • European emissions standards and national incentives for energy-efficient vehicles have a positive impact on the transport and traffic sectors • Intended policy measures in the services sector, industry and the agricultural sector will lead to an increase in energy saving.	It is estimated that the intensification measures will achieve additional energy savings of 72.3 - 108.5 PJ in 2020. Some of the intensification measures still have to be worked out in more detail. Even without further intensification, it is expected that the European energy efficiency target will be amply exceeded, provided that both existing and intended policy measures are adhered to.

4.4. Education

4.4.1. National targets for the Europe 2020 strategy

The Netherlands wants to belong to the top five nations in the world in the field of education. The number of people completing higher education in the Netherlands remains relatively stable, exceeding the Europe 2020 Strategy target of at least 40%. In 2014, the percentage of higher-educated people stood at 44.6% With regard to the number of early school leavers, the Netherlands also complies with the European target of a maximum of 10%. In 2014, 8.6% of young people aged 18 to 24 did not have a basic qualification. The Netherlands has the ambition to reduce the number of early school leavers to 8% by 2020.

4.4.2. New policy aimed at achieving the target

Higher education
In July 2015, the minister for Education, Culture and Science published the Strategic Agenda for 2015–2025[23], setting out the course for higher education in the next 10 years. The agenda focuses on giving a tangible boost to the quality of higher education and education-related research using resources from the student advance loan system. It contains policy guidelines for the years ahead for the following three themes: (1) world class education, (2) accessibility, developing talent and diversity, and (3) alignment with society. The agreement on student advance loans stipulates that resources that are made available by the student advance loan will be invested in higher education and linked to the Strategic Plans of the institutions and agreements concerning quality that have been made with the Ministry of Education, Culture and Science (OCW) and the Ministry of Economic Affairs (EZ). The formulation of the quality agreements will depend upon the evaluation of the performance agreements. The strategic agenda proposes a number of ways for spending the resources that will be available from 2018 onwards due to the introduction of the student advance loan system. Efforts will be made to promote small-scale and intensive education, talent programmes, education-related research and study facilities and digitalisation. In addition to this, there will be incentives for several national priorities, including an education scholarship programme, research into higher education, continuation of the Open and Online Education scheme and experiments with rule-free zones for innovation in education. Efforts will be made to improve collaboration in the region to encourage students to move on to higher levels in the education system and to promote alignment with the labour market. The government intends to use the resources for Profiling and Centres of Gravity (2% of the education funding) in order to further develop profiling and promising regional cooperation partnerships. In 2016, a start will be made on working out the strategic agenda in greater detail.

Early school leavers
The approach to tackle early school leaving (VSV) will be implemented as from the school year 2016/2017. It will retain the successful elements of the "Attack on Early School Leaving" (Aanval op Schooluitval) programme. Success factors include the focus on a regional approach with institutions for secondary education and upper secondary vocational education, municipalities and other partners, performance-based funding and transparency about the performance of educational institutions. As from the school year 2016/2017 new performance agreements will be made for the field of education. The follow-up approach will require the regions and education institutes to bear more responsibility. There will also be renewed attention for young people who have dropped out of education previously and the regional partners will focus more on the group of young people in a vulnerable position.

Table 8: Description of the most important EU 2020 measures

Status of achieving national employment targets	Status of measures related to the targets	Predicted impact of the measures (qualitative/quantitative)
National EU 2020 target: > 40% of 30-34 year olds with tertiary education Result in 2014: > 44.6% of 30-34 year olds with tertiary education	Most important policy measures: Implementation of the Strategic Agenda for Higher Education and Research	The share of 30-34 year olds with a tertiary education remains stable at above 40%
National 2020 target: <8% early school leavers Result in 2014: 8.6% early school leavers	Most important policy measures: Implementation of the follow-up approach for early school leavers. In addition to unflagging commitment to the existing target group, focus will be placed on the group of young people in a vulnerable position and older early school leavers	The number of early school leavers will continue to decline to a maximum of 8% in 2020

[23] https://www.rijksoverheid.nl/onderwerpen/hoger-onderwijs/documenten/beleidsnota-s/2015/07/07/de-waarde-n-van-weten-strategische-agenda-hoger-onderwijs-en-onderzoek-2015-2025

4.5. Poverty and combating social exclusion

4.5.1. National targets for the Europe 2020 strategy

The Netherlands has set itself the target of reducing the number of people (aged 0-64) in a jobless household by 100,000 in 2020[24]. On the basis of the European indicator that is used for the Europe 2020 poverty target (based on people aged up to and including 59), the percentage of persons in jobless households rose from 9.3% to 10.2% in 2014[25]. According to the national target (which is based on people up to the age of 64, rather than 59), a slight increase can be seen in the number of people in a jobless household. However, this increase is less than the increase according to the European method for measuring this. The number of people in a jobless household rose from 9.8% in 2013 to 10.1% in 2014. The fact that the increase in jobless households has been relatively limited according to the national definition can be attributed to the decrease in jobless households in the age group of 60 to 64 year olds. In this category the number fell from 46% in 2013 to 40.6% in 2014, a drop of 5.4%. This decrease can primarily be attributed to the fact that people are working longer; the sharpest decrease occurs in the group of 60-64 year olds.

In the Netherlands the number of households at risk of poverty and social exclusion has primarily increased among migrants, young adults (18-24 year olds) and single parent families with at least one adult child. When age is taken into consideration the number of long-term jobless households is highest among the group of 55 to 65 year olds. This is due to a high level of benefit dependency due to unemployment or incapacity for work[26].

To prevent households from dropping below the subsistence level, the Netherlands has a comprehensive social system in place, with adequate services and income support. If, for example, the main earner in a household is dismissed and as a result all members of the household are to be counted for the 'jobless households' indicator, it does not automatically mean that the household will fall under the subsistence level.

Table 9: Number of people in a jobless household

	2008	2009	2010	2011	2012	2013	2014
People in jobless households in the NL (0-64 years old) x 1,000	1,613	1,641	1,595	1,678	1,635	1,624	1,680

According to the 'At Risk of Poverty and Social Exclusion' (AROPE) indicator used by Eurostat to measure the risk of poverty and social exclusion, this risk declined slightly in the European Union in 2014, by an average of 0.1%. In contrast to this, this figure increased in the Netherlands (0.6% in 2014). Despite this increase, the risk of poverty and social exclusion in the Netherlands is still low in comparison to the entire European Union. In the entire European Union, this figure was 24.4% in 2014, while it was 16.5% in the Netherlands. The Netherlands remains in a relatively good position in comparison to the other Member States. In 2014, the Netherlands was, after the Czech Republic, the Member State where the risk of poverty and social exclusion was the smallest[27].

Expectations for the future (the whole of 2016) are positive. In March 2016, the Netherlands Bureau for Economic Policy Analysis (CPB) estimated that there will be a positive development regarding purchasing power, wages will rise and inflation will remain relatively low. The healthcare premium will also increase less than forecasts predicted. The CPB has also forecast a decrease in the number of households at the risk of poverty in 2015 and 2016[28].

4.5.2. New policy aimed at achieving the target

The government believes that work is the best way out of poverty and that therefore work must pay. This year a number of significant tax reductions were implemented, such as the increase in the employed person's tax credit and the general tax credit, to make work more financially rewarding. The government specifically wants to improve the financial situation of single parent families by making work more financially rewarding. The Child Schemes Reform Act has entered into effect and in 2016

[24] Results from measurement years 2008-2018. The age in the national definition ranges from 0-64 years old. At the European level, this is 0-59 years old.
[25] According to Eurostat figures, in which, for example, students are counted as well.
[26] CBS (2015), Armoede en sociale uitsluiting 2015.
[27] CBS (http://www.cbs.nl/nl-NL/menu/themas/inkomen-bestedingen/publicaties/artikelen/archief/2015/risico-op-armoede-of-sociale-uitsluiting-relatief-laag-in-nederland.htm)
[28] CBS (2015), Poverty and social exclusion 2015.

the income-related combination credit, a tax concession for working parents, was raised, along with the child-care benefit. The child budget and child benefit was raised for all households with children. In addition to measures to stimulate labour market participation, the government also took steps to make it more attractive for employers to hire personnel. Examples include the social premium reduction for young people on benefits which also applies to jobs of 24 hours or more per week (previously 32 hours) and the Brug-WW, which, as part of the third instalment of the sector plans, puts downward pressure on the costs for employers who want to hire employees from another occupation or sector (see NRP 2015). A low-income concession will also be implemented in 2017. This helps employers with wage costs for employees with an income up to 120% of the statutory minimum wage.

The government is also taking specific measures to improve the position of migrants and people over the age of fifty[29]. Research has shown that migrants have fewer opportunities on the labour market than persons of native Dutch parentage, even when they have equal characteristics (such as educational qualifications) as the person of native Dutch parentage. This is unacceptable and therefore the government is actively pursuing a policy to combat discrimination in the labour market[30]. The government has introduced measures for the over-fifties to ensure that they can remain in employment for longer and to make it more attractive for employers to hire older employees (see NRP 2015).

In addition to this, the Participation Act was introduced on 1 January 2015. This act aims to promote participation of people who are able to work, but who cannot participate without support (see NRP 2015). The government has also provided extra funding to combat and prevent poverty and debt (€100 million per year from 2015, see National Social Report 2015).

[29] CBS Annual Report on Integration 2014.
[30] There is a detailed description of policy measures on these points in the progress letter on the Integration Agenda submitted by the government to parliament on 18 December 2015 (Parliamentary document 2015-2016, 32 824, no 118).

Table 10: Description of the most important EU 2020 measures

Status of achieving the national poverty and social exclusion target	Status of measures related to the targets	Predicted impact of the measures (qualitative/quantitative)
National EU target: 100,000 fewer people in jobless households than in 2008 Result in 2014: 67 thousand more people in jobless households than in 2008 (an increase of 56,000 compared to 2013)	Most important policy measures: • Reform of child-related schemes • Structural extra resources for policies aimed at poverty and debt reduction (€100 million starting in 2015) • Subsidy scheme for social organisations (€3.5 million in 2016 and 2017). • Premium reduction for benefits recipients • Increase in tax credits and reduction in tax rates • Increase in child budget • Increase in child benefit • Financial incentives for employers to hire employees	Financial incentives for giving up benefits to start work. This will encourage more parents, especially single parents to work. More effective, efficient and sustainable prevention through a comprehensive approach to tackling poverty and debt. Strengthening collaboration between public and private parties to reach target groups more comprehensively and effectively.

5. Involvement of parliament and other stakeholders

Central government is not the only party involved in enacting the Europe 2020 strategy and implementing the country-specific recommendations, both of which are dealt with in this National Reform Programme. Management and labour, local authorities and non-governmental institutions also play an important role, both in shaping and implementing policy. As usual, they have been consulted in the process of drafting this National Reform Programme. The content and presentation of this document, however, remains the responsibility of the government. The social partners have made their own document to explain how they have contributed to the Europe 2020 objectives[31].

The government attaches great importance to having a broad support base for the Dutch position in the European Semester. It therefore informs and debates on a regular basis with both the Lower House and the Senate on the various stages and steps within the Semester. After the publication of the most recent country-specific recommendations in July 2015, both the Lower House and the Senate were informed of the government's position on the recommendations as issued[32]. Following on from the publication of the Annual Growth Survey and the Alert Mechanism Report in November 2015, which launched the European Semester 2016, both houses of parliament were informed of the government's vision of these analyses[33]. Parliament has had opportunities to debate the content of these analyses with the government prior to various Council meetings (both written and oral).

This National Reform Programme will be submitted to both houses of parliament before being sent to the European Commission. This provides the opportunity to debate the discussed measures and reforms at national level. As in previous years, both the Lower House and the Senate will be informed about the country-specific recommendations that the Commission will propose for the Netherlands as part of the European Semester 2016.

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[31] See annex to the National Reform Programme: 'Bijdrage aan het NHP van de sociale partners', published by Stichting van de Arbeid in March 2016.
[32] Lower house documents 2014/15, 21501-20, no. 984; Senate documents 2014/15, Parliamentary document CXII no. G.
[33] Lower house documents 2015/16, 21501-20, no. 1064; Senate documents 2015/16, Parliamentary document CXVII no. A.

Remaining tables

Table 11: Qualitative analysis of measures to meet country-specific recommendation 1

CSR research and development and relevance		**Description of the most important measures and how they relate to country-specific recommendations**				**Budget effects**	**Qualitative effects**
		Description of measure	Legal Foundation	Progress made in the past 12 months	Steps still to be taken		
Shifting government expenditure to supporting investments in R&D		Vision for Science 2025. A number of measures have arisen from this vision. The Dutch Research Agenda was published in 2015. It will be implemented. Furthermore, predictability and stability of the first funding flows will be increased by working with three-year averages. The measure for promotions in the first funding flow will be topped at 20%. The new road map for large-scale research facilities will be adopted. The talent policy and impact of science are important developments for the future	N/A	See progress report on the Vision for Science	N/A	A long-term shift towards supporting investments in R&D	Making connections between fundamental research and implementation and practice-oriented research on scientific and societal issues Contributing to multidisciplinary and interdisciplinary research Enabling a more joint programming by the parties involved Shaping the direction of the Netherlands' efforts in Horizon 2020/European connection (National Research Agenda) More investments in large-scale research facilities by adopting a new road map for large-scale research facilities
Shifting government expenditure to supporting investments in R&D		Working on new Knowledge and Innovation contracts	N/A	The new KIC were signed in October 2015	N/A	A long-term shift towards supporting investments in R&D	Joint agreements on investments of companies, knowledge institutions and the government in research and innovation
Shifting government expenditure to supporting investments in R&D		Working on the ability of SMEs to compete	National Economic Affairs subsidies scheme	In 2015, 50 million was made available to companies through the MIT scheme.	N/A	A long-term shift towards supporting investments in R&D	Coordinated use of instruments and resources for SME innovation
Shifting government expenditure to supporting investments in R&D		Working on fiscal incentives for innovation (WBSO/RDA)	WBSO/RDA	An increase in the number of companies using these fiscal R&D schemes	N/A	A long-term shift towards supporting investments in R&D	More investment in R&D by businesses
Shifting government expenditure to supporting investments in R&D		Stimulating public private partnerships	N/A	Increase in private funds for ppp projects	Continue to work on ppp scope, whereby it is possible to apply for a TKI allowance stimulating a high share of private funding	A long-term shift towards supporting investments in R&D	More investment in R&D by businesses

Shifting government expenditure to supporting investments in R&D		The various consolidation packages of recent years have considered the quality of education, research and innovation by sparing these parts of the budget as much as possible and intensifying them wherever possible. The 6 billion package, for example, has made an additional annual amount of €600 million (0.1% of the GDP) available for quality in education	Budget Act	The budget will be implemented, including intensifications	Not applicable	This measure costs €0.6 billion annually but has already been included in the €6 billion package	Policy must contribute to a highly educated population and an innovative economy
Working on the preconditions for improving private R&D spending	Promote long-term economic growth	Working on fiscal incentives for innovation (WBSO/RDA)	WBSO/RDA	The rules were integrated as from 1/1/2016.	The WBSO and RDA were merged into one scheme.	N/A	An attractive and more transparent fiscal R&D scheme for Dutch companies
Working on the preconditions for improving private R&D spending		Simplifying the Top Consortia for Knowledge and Innovation (TKI) grant scheme for the top sectors	Budget Act	The TKI grant scheme has been simplified by the top sectors	N/A	N/A	It takes less time for knowledge institutes and companies to obtain certainty about funding for the public-private partnership
Working on the preconditions for improving private R&D spending		Working on future-proof legislation and regulations that give enough space for innovation and enterprise	N/A	Reports have been drawn up on situations in which innovation is hindered by regulations, in particular with regard to the rise of digital platforms and the sharing economy	Explore and try possibilities to build more flexibility into legislation and regulations so that we can react better to technological and societal developments	A long-term shift towards supporting investments in R&D	Encourage innovation through legislation and regulations in concrete cases, remove as many obstructions posed by regulations as possible, create an attractive climate for research

Table 12: Qualitative analysis of measures to meet country-specific recommendation 2

CSR 2: housing market		**Description of the most important measures and how they relate to country-specific recommendations**				**Budget effects**	**Qualitative effects**
		Description of measure	Legal Foundation	Progress made in the past 12 months	Steps still to be taken		
If the economy recovery intensifies, make efforts to accelerate the reduction in mortgage interest relief	Provide tax incentives for the redemption of mortgage debt and lower household capital risk	Link entitlement to mortgage interest relief to at least an annuity payment scheme for new mortgages	Revision of Fiscal Treatment of Owner Occupied Homes Act	Implemented in 2013	Not applicable	Structural revenues of €5.2 billion	On the owner-occupier market, the government has taken measures to limit the high levels of debt and ensuing financial risks for households and banks. This contributes towards a more functional and balanced housing market with fewer financial risks
	Reduction in the fiscal mortgage interest relief for new and existing cases	The maximum deduction rate in the 4th bracket will be reduced by 0.5% point per year	Housing Market Measures Act 2014 II	Implemented in 2014: as from 1 January 2016 the maximum deduction rate is 50.5%	26 annual steps left of 0.5%-points per year from 52% to 38%	Structural revenues of €0.77 billion	
	Reduction of maximum *Loan to Value* ratio (LTV)	Annual linear reduction of maximum LTV from 106% to 100% in 2018	Financial Supervision Act (Decree on Conduct of Business Supervision of Financial Undertakings)	Implemented in 2013. As of 1 January 2016, the maximum LTV has declined to 102%	3 annual steps left of 1% to a maximum LTV of 100% in 2018	Structural revenues of €0.2 billion	
	The National Mortgage Guarantee (NHG) will once more target houses up to an average price	Reduction of upper limit of NHG to €225,000 as of 1 July 2016. Thereafter the NHG will be linked to the average house price	Not applicable	On 1 July 2015, the upper limit for NHG was reduced to €245,000	The following step will be to link the limit to the average house value	Not applicable	
	The own risk will encourage lenders to provide credit wisely	For new NHG loans, the lender will carry an own risk of 10% of the loss guarantee	Not applicable	Implemented in 2014	Not applicable	Not applicable	
Implementing a pricing mechanism on the rental market that is more closely aligned to the market	Increasing a level playing field. Social housing corporations have to concentrate primarily on SGEI. If corporations want to develop non-SGEI activities, they must do so under standard market conditions, without state aid support	Social housing corporations must split SGEI and non-SGEI activities. Non-SGEI activities must be conducted according to market standard conditions. In case of administrative separation, permitted non-SGEI activities will be more restricted	Revision of the Housing Act allowed for social housing institutions and proposal to amend the bill	Implemented in 2015	Splitting proposal by social housing corporations before 1 January 2017	Revenues have not yet been included in the budget	Protecting social capital and improving level playing field
Linking rents in the social housing sector to household incomes to a	More market based price mechanism: maximum rental price linked to the attractiveness of	25% of the maximum rent determined by the Housing Valuation Scheme (WWS) will be based on the attractiveness of the property (as assessed under the Valuation of Immovable Property Act (WOZ)). Lower	Residential Rents (Implementation) Act	This mechanism entered into effect on 1 October 2015	Not applicable	Not applicable	Basing rent on the attractiveness of the property and the financial capacity of the tenant will

greater extent	dwelling	incomes will be compensated with housing benefit					increase the incentive for finding a good match between tenant and dwelling (in the private or social sector)
	Increasing affordability of social rental properties for the lowest income groups, promoting tenability	Introduction of suitability standard Social housing corporations must allocate a house with rent that does not exceed the cut-off limit to 95% of households entitled to housing benefit	Revision of the Housing Act allowed for social housing institutions and proposal to amend the bill	The suitability standard will enter into effect on 1 January 2016	Not applicable	This will yield revenues of €15 million in 2016, while will increase to €20 million in 2017	
	Bringing rent for rental houses more in line with income so that high income earners will be incentivised to move into the private market	The maximum rent increase above inflation: 1.5%: incomes up to €34,229; 2%: incomes up to €34,229 to €43,786; 4% incomes from €43,786. Additional income for corporations will be returned by a gradually increasing levy for corporations	Dutch Civil Code, Rental prices of living space implementing Act, Housing Market Measures Act 2014 II, Legislative Proposal on Movement in the Rental Market 2015 (34373)	Implemented in 2013, will be reinforced by the Legislative Proposal on Movement in the Rental Market	Not applicable	Revenues from Corporation tax will increase to €1.7 billion in 2017. Extra spending on housing benefit will increase to €420 million in 2017	
	Increasing affordability and reducing the difference between rent prices of sitting tenants and new tenants in social housing properties owned by social housing corporations	Adjusting the maximum rent increase for housing corporations	Legislative proposal for Movement in the Rental Market 2015 (34373)	The legislative proposal was adopted in the Lower House on 9 February 2016 and is now being assessed by the Senate	It is expected to enter into effect as from 1 January 2017	€38 million will be saved on the housing benefit budget in 2017 and €20 million in the following years	
	More movement due to increased opportunities for temporary rent contracts	Expansion of target group contracts (students and senior citizens/people with disabilities) with graduates, young people and large families. In addition to this, rent contracts for a fixed period (max 2 years for individual homes and max. 5 years for homes with shared facilities (rooms)) that will end by operation of law upon the expiry date of the agreed upon rental period	Legislative proposal for Movement in the Rental Market 2015 (34373)	The legislative proposal was adopted in the Lower House on 9 February 2016 and is now being assessed by the Senate	It is expected to enter into effect as from 1 July 2016		

Table 13: Qualitative analysis of measures to meet country-specific recommendation 3

CSR 3: Lower the amount of contributions to the second pillar of the pension system for people in the first years of their career.		**Description of the most important measures and how they relate to country-specific recommendations**				**Budget effects**	**Qualitative effects**
		Description of measure	Legal Foundation	Progress made in the past 12 months	Steps still to be taken		
Review of pension system	Better balance between intragenerational and intergenerational cost and risk allocation	Drawing up outline letter	Not applicable	The orientation and dialogue phases in the National Pension Dialogue have been completed. On the basis of this, an outline letter was sent to the Lower House in the summer of 2015, followed by a work programme in December	An elaboration memorandum with policy versions will be sent to the Lower House before the summer of 2016	Not applicable	Contributes to a better balance between intra- and inter-generational costs and risk distribution

Table 14: The most important new measures for implementing the country-specific recommendations 2015.

	Important new measures for the next 12 months	How they relate to the country-specific recommendations	Predicted impact of the measures (qualitative/quantitative)
CSR 1: research and development	• Vision for Science 2025. A number of measures have arisen from this vision. • New knowledge and innovation contracts: In 2016 and 2017, €4.1 billion is available, approximately €2.1 billion of which is from private resources • The WBSO budget is increased in 2016 and 2017 and use of the simplified scheme (integration of WBSO and RDA) will be encouraged • In 2016, €55 million will be made available to companies through the MIT scheme • The research part of the Future Fund will provide €40 million for investments in high-quality research facilities • The government is working on future-proof and innovation-friendly regulations	Contribute to increasing R&D expenditure in the private and public sector	More investment in large-scale research facilities (new road map) Enable more joint programming by parties involved and shape the Dutch efforts in relation to Horizon 2020/Europe (National Science Agenda) Create an attractive research climate by working on future-proof and innovation-friendly regulations
CSR 2: housing market	Legislative proposal for Movement in the Rental Market (adopted by the Lower House, now being assessed by the Senate)	The Movement in the Rental Market Act makes rental contracts for up to 2 years possible, sets an annual income assessment for social rent, on the basis of which it is possible to increase rent in line with income, and stipulates a maximum annual rent increase of inflation +1%	On the demand side, this act is intended to make it less attractive for higher earners to remain in a relatively cheap house, so that rented homes in the social housing sector will become available for the target group and the middle segment will continue to grow. On the supply side, the act makes it easier to rent out houses temporarily, to that more rental houses can come on the market
CSR 3: pensions	Drawing up outline letter with concrete options for a future pension system	These options contain improvements for the distribution of costs and risks within and between generations	The government will present concrete options to the Lower House, including calculations by the Netherlands Bureau for Economic Policy Analysis (CPB) before the summer of 2016. These options are intended to be more in alignment with the personal circumstances and preferences of heterogeneous participants

Table 15: Overview of objectives and results of the Europe 2020 strategy

EU headline targets of the Europe 2020 Strategy	Important new measures for the next 12 months	How they relate to the Europe 2020 strategy	Predicted impact of the measures (qualitative/quantitative)
Employment	As from 1 January 2016, incentives to participate in the labour market have been enhanced by making work pay better through a package of measures (5 billion package) to relieve structural tax burdens on labour. This package includes increasing the tax credits for employed persons and lowering the second and third tax brackets. Childcare allowance and the income-related combination tax credit (IACK) will be increased. Finally, the government is committing resources to a financial contribution for employers to make it more attractive for them to employ people at the bottom of the labour market (low-income credit, LIV).	Contribute to increasing participation in the labour market	According to the CPB the total package will yield 35,000 jobs in the long term
R&D	• Vision for Science 2025. A number of measures have arisen from this vision. • New knowledge and innovation contracts: In 2016 and 2017, €4.1 billion is available, approximately €2.1 billion of which is from private resources. • The WBSO budget is increased in 2016 and 2017 and use of the integrated WBSO and RDA will be encouraged. • In 2016, €55 million will be made available to companies through the MIT scheme. • The research part of the Future Fund will provide €40 million for investments in high-quality research facilities. • The government is working on future-proof and innovation-friendly regulations by exploring the possibilities for making legislation and regulations more flexible, to increase responsiveness to technological and societal developments	Contribute to increasing R&D expenditure in the private and public sector	More investment in large-scale research facilities (new road map) Enable more joint programming by parties involved and shape the Dutch efforts in relation to Horizon 2020/Europe (National Science Agenda) Create an attractive research climate by working on future-proof and innovation-friendly regulations
Sustainable energy and climate	• Invitation to tender round for SDE+ projects 2016 • Preparation for offshore wind power tender • Implementation of additional measures to save energy in the owner-occupier and rental sectors, stricter enforcement of the Environmental Management Act, agreements on a systematic roll-out of the 1 on 1 agreements in the energy intensive industry and various measures in the traffic and transport sector.	Contribute to more sustainable energy production and energy savings	The anticipated impact of the total package of measures is that the objectives will be met
Education	Implementation of the Strategic Agenda for Higher Education and Research. Retention of successful elements from the previous approach to tackle early school leaving. The approach largely concerns the existing target group, with a focus on young people in a vulnerable position and young people who have dropped out of school previously	Contribute to keeping the percentage of people with a tertiary education stable at above 40% and to further reduce the total group of early school leavers	Increase quality and the accessibility of higher education and enhance talent development and diversity within higher education as well as a better alignment between higher education and society. Further improvements and embedding of results of policy in the area of early school leaving. Coherent approach to young people in a vulnerable position
Social inclusion	• Increase in the income-related combination tax credit • Increase in child-care allowance • Increase in the child budget • Increase in child benefit • Extension of subsidy scheme for civil society organisations to effect a comprehensive approach to combating poverty and/or debt	The government considers work as a way out of poverty and therefore finds that it must pay to work. A comprehensive approach contributes to effective long-term combating of poverty and/or debt	The aforementioned measures make work more financially rewarding, in particular for (single) parents. This will encourage more parents of young children to work. Projects contribute to an effective and sustainable approach to tackling poverty and/or debt, more targeted reach and involvement of the target group, social inclusion and strengthening of civil society