



# Lessons for reducing the regulatory burden

Study on the workability and regulatory burden of the COVID-19 support measures

**Date**

10 February 2022

**Commissioned by**

The Dutch Advisory Board on Regulatory Burden (ATR)

Visiting address	Maliebaan 16	3581 CN Utrecht	Telephone	+31 30 236 30 30
Postal address	PO Box 85198	3508 AD Utrecht	Website	<a href="http://www.aef.nl">www.aef.nl</a>

# / Implementation summary

## Study question and approach

### Introduction

In March 2020, the Netherlands was forced to take drastic measures to curb the spread of the coronavirus and protect public health. During the same period, a comprehensive package of measures was introduced within a very short time to compensate companies for the far-reaching economic consequences. The speed at which this comprehensive package was developed and implemented was unprecedented. While an official legislative process normally takes well over two years, this now sometimes took less than two weeks. In the initial phase, ensuring the feasibility of the support measures, reducing the regulatory burden and promoting the workability of the measures among the applicants were crucial in order to provide entrepreneurs with the necessary assistance as soon as possible. As the pandemic continued, the focus gradually shifted and speed, which was initially of great essence, became less important. There was more room for the lawmaker to adjust and fine-tune the conditions for the support measures, in various tranches.

The Dutch Advisory Board on Regulatory Burden (hereinafter: ATR) is committed to promoting the workability of laws and regulations and reducing the regulatory burden for entrepreneurs. Whereas workability and feasibility seem to have been of paramount importance in the package of support measures, these aspects often receive insufficient attention in regular legislative processes. That is why ATR commissioned Andersson Elffers Felix (hereinafter: AEF) and USG Consultancy (Utrecht University) to examine the support measures and see what lessons can be learned from them. Part of the study objective is to look at the legislative principles applied and how they changed over time, by making a comparison between the first and second waves of the pandemic. The main question posed in the study is:

How were the workability and regulatory burden of the COVID-19 support measures perceived by entrepreneurs in SMEs, what is the role of the legislative process and the legislative principles applied therein and what lessons can be drawn for more flexible, less burdensome and more responsive laws and regulations?

### Study approach

Before starting the study, we selected the following support measures to examine in further detail: the Temporary Emergency Bridging Measure for Sustained Employment (*Noodmaatregel Overbrugging Werkgelegenheid*, NOW), the Policy Rule on Reimbursement for Entrepreneurs in Affected Sectors (*Beleidsregel tegemoetkoming ondernemers getroffen sectoren COVID-19*, TOGS), the Reimbursement of Fixed Costs (*Tegemoetkoming vaste lasten*, TVL), the Temporary Bridging Scheme for Self-employed Persons (*Tijdelijke overbruggingsregeling zelfstandig ondernemers*, Tozo) and the Temporary Bridging Scheme for Flexible Workers (*Tijdelijke Overbruggingsregeling voor Flexibele Arbeidskrachten*, TOFA). Based on their scope and other features, we considered these to be the most valuable for drawing lessons for the future. Thereafter, we applied a mix of study methods to answer the main question and the various underlying subquestions:

- ▶ **Literature and document review.** Here, we define the legislative principles and the concepts of workability and regulatory burden. In addition, we discuss recent studies on the impact of COVID-19 support measures on perceived regulatory burdens in the Netherlands and abroad. In our study, we also include and examine the relevant Parliamentary Papers, laws and pertinent information on government websites.
- ▶ **Qualitative interviews and focus groups.** The main data collection in this study has been done via 15 individual qualitative interviews and 3 focus groups with entrepreneurs. Experiences of entrepreneurs are *key* in examining the regulatory burden and workability of the measures and how these are perceived. In addition, we have spoken to directly involved persons such as legislative drafters, policy officers and staff involved in implementation. With this approach, we have deliberately opted for qualitative depth in the study, rather than striving to be completely representative.

## Main findings, conclusions and reflections

We present below the main findings and conclusions from the conceptualisation based on the literature review as well as the qualitative interviews and focus groups concerning legislative principles, workability and the regulatory burden in practice.

**Speed and feasibility were the key legislative principles in the introduction of the support measures.** Keeping businesses and jobs afloat was the top priority in the design of the COVID-19 support measures. Efficiency and lawfulness were less important in the early days, although these aspects were gradually given more weight.

**Feasibility was the guiding principle in the design of the support measures.** Feasibility was the bottleneck, and this created strict frameworks for what was and was not possible in terms of the design of the support measures. Those involved in the legislative process appreciated the broader focus on the feasibility of legislation. They are also very positive about the effectiveness of the measures and the speed with which support was provided to entrepreneurs.

**The focus on effectiveness and feasibility initially resulted in adequately workable rules for the majority of entrepreneurs and a lower regulatory burden for entrepreneurs.** Overall, entrepreneurs perceived the regulatory burden as proportional. However, it was clear in advance that tailor-made measures were not always possible, and the schemes were therefore not effective for all entrepreneurs. On the other hand, the lower workability for semi-literate persons and those with Dutch as a second language could have been avoided; according to the entrepreneurs we spoke to, this issue was not always addressed by the government.

**Stacking of schemes is a major source of regulatory burdens.** With the introduction of new tranches, the schemes were adjusted each time by adding new criteria, which also need to be checked. The adjustments over time are the result of progressive insights, but these also arose because, over time, there was a stronger call from politicians for an efficient spending of resources and a review of lawfulness. The net result is a significantly increasing regulatory burden as the duration of schemes and the pandemic progresses.

**The fact that there was quick and strong support for entrepreneurs from the government was viewed by the entrepreneurs we spoke to as an acknowledgement of their problems.** The proactive

attitude of municipalities and other parties in actively assisting entrepreneurs seems to have increased trust in the government. On the other hand, certain components of the rules were perceived as discriminatory, such as the partner income test. Although this condition was added to Tozo for a reason, it was not always perceived as fair. This is also where the Dutch childcare benefits scandal (*Toeslagenaffaire*) comes into play, which has negatively impacted on confidence in the government. Finally, while it was accepted at the start of the crisis that rules have a generic effect, as the crisis progressed, the expectation grew that greater customisation could and should be offered.

**An interim increase in rules and controls seems to lead to a higher perceived regulatory burden than that known at the start.** The entrepreneurs who participated in the study understand that the support measures are associated with certain compliance costs. However, they were surprised by the increasing regulatory burden that arose as a result of changes and in connection with accountability processes. Apparently, it makes a difference whether entrepreneurs are aware in advance that the schemes might change.

**Reducing the regulatory burden does not seem to have been the explicit objective while designing the measures but is rather an incidental outcome of the focus on effectiveness and feasibility.** A review of lawfulness is bound to result in some degree of regulatory burden. Nevertheless, certain measures to reduce the regulatory burden have not been adequately utilised. These include measures such as creating a central point of contact for multiple schemes, focusing more on the proportionality of the controls, proactively providing services (outreach) that are also offered in the final stage of the scheme and in general trying to achieve a better alignment with actual business practices.

**There was an increasing focus on preventing the misuse and improper use of the measures.** This relates to the shift in focus from speed and effectiveness to greater efficiency and lawfulness. The entrepreneurs we spoke to recognise this shift in government priorities. Whereas they were initially very positively surprised by the speed with which the applications were granted and the advance paid out, the regulatory burden was greater for them during the rest of the process. From the perspective of the legislative process as well, we see that, although the schemes were initially set up to be lean and mean, gradually more and more time was spent on the further design of the schemes. If one were to add up the total amount of time spent, it is approximately the same amount of time as for a regular legislative process, as indicated by the legislative drafters and policymakers involved in this study.

**Political and social burdens have led to additional conditions for the schemes and therefore a higher regulatory burden for entrepreneurs.** The House of Representatives has played a significant role in this respect. It is also notable that a sense of perceived fairness was an important reason for introducing additional conditions. For example, the ban on paying bonuses as a condition for obtaining support under NOW was added to the scheme as a condition pursuant to a House of Representatives motion. Another example is the introduction of the partner income test to Tozo. Since these new conditions also need to be checked, this has led to an increased regulatory burden for entrepreneurs.

**Reflection: a formal consultation seems to have been lacking.** As a result of the informal consultation process, there has been a greater emphasis on the consideration of feasibility from the viewpoint of the implementing organisations, while the workability for entrepreneurs has received somewhat less attention. In a regular legislative process, the formal consultation phase usually offers a platform for the exchange and consideration of the views of society, so that both the actual and perceived regulatory burden can be reduced. In any case, the conclusion is that the shift in legislative principles in favour of efficiency has not necessarily resulted in a lower regulatory burden.

## Lessons for the future

Based on the study, we have drawn six lessons from the legislative process.

**1. Continue to involve implementing organisations in the design of laws and regulations; this will ensure more feasible policies.** By taking a realistic and critical look from the outset at the limitations in the implementation, it is possible to consider in advance any adjustments that need to be made in the implementation or in the laws and regulations themselves to guarantee feasibility and therefore workability and a reduced regulatory burden.

**2. Interministerial coordination provides better insight into the regulatory burden arising from the stacking and combinations of schemes from several ministries.** It is advisable to consider the common combinations of schemes from the user's point of view and coordinate them on an interministerial basis. In addition, it also seems useful to provide a central point of contact for all entrepreneurs.

**3. When drafting laws and regulations, policymakers and legislative drafters should, even in non-crisis situations, take into account the possibility of upscaling the implementation.** It is recommended that, when designing future schemes under which entrepreneurs are entitled to some form of government support, a risk assessment should be carried out and/or this design should be based on scenarios regarding the extent of use.

**4. When designing regulations, policymakers and legislative drafters should take greater account of the expected life cycle and phasing of a scheme.** Regulations have a certain life cycle, which can lead to changes in the regulatory burden over time. While designing regulations, this life cycle can be taken into account by dividing the process into different stages and planning interim reviews to increase workability and reduce regulatory burdens.

**5. Implementing organisations should standardise the margins of error and better align the audit requirements with business practices.** The provision of unlawful support results in stringent audit requirements, in high regulatory burdens for companies and sometimes also in disproportionate repayment schemes if companies are unable to satisfy the burden of proof.

**6. Policymakers and communications departments must focus more on expectation management and announce tranches and interim adjustments in advance.** Entrepreneurs will accept a certain amount of regulatory burden as long as they feel that this is in proportion to the usefulness of the rules, but unexpected and interim changes usually lead to a greater regulatory burden, both psychologically and in terms of how it is experienced. Frequent interim and unannounced changes in rules (and poor communication about this) can damage trust in the government.

## / Contents

<b>/</b>	<b>Implementation summary</b>	<b>3</b>
	Study question and approach	3
	Main findings, conclusions and reflections	4
	Lessons for the future	6
<b>/ 1</b>	<b>Introduction and study approach</b>	<b>8</b>
	1.1 Rationale and study questions	8
	1.2 Study approach	10
	1.3 Structure of the report	12
<b>/ 2</b>	<b>Conceptualisation and existing research</b>	<b>13</b>
	2.1 Conceptualisation of key concepts	13
	2.2 Existing research on regulatory burdens in relation to the COVID-19 support measures	16
	2.3 Analysis framework	20
<b>/ 3</b>	<b>Measures included in the study</b>	<b>22</b>
	3.1 NOW	22
	3.2 TOGS and TVL	23
	3.3 Tozo	26
	3.4 TOFA	28
<b>/ 4</b>	<b>Legislative principles, workability and the regulatory burden in practice</b>	<b>29</b>
	4.1 Policymakers, legislative drafters and implementation in relation to legislative processes	29
	4.2 Experiences of entrepreneurs with respect to the workability of the measures	34
	4.3 Experiences of entrepreneurs with respect to the regulatory burden of the measures	35
	4.4 Role of the legislative process and principles in relation to workability and regulatory burdens	40
<b>/ 5</b>	<b>Conclusions and reflections</b>	<b>42</b>
<b>/ 6</b>	<b>Lessons for the future</b>	<b>46</b>
<b>/ A</b>	<b>Appendix: list of sources</b>	<b>48</b>
<b>/ B</b>	<b>Appendix: respondents</b>	<b>50</b>
	B.1 Interviews	50
	B.2 Focus groups	50

# / 1 Introduction and study approach

## 1.1 Rationale and study questions

In the Netherlands, there is insufficient attention for the implementation and feasibility of laws and regulations. The Temporary Implementing Organisations Supervisory Committee (*Tijdelijke commissie uitvoeringsorganisaties*, TCU), which is the parliamentary investigative committee on implementation, concludes that matters relating to policy implementation are often neglected, resulting in problems for citizens (TCU 2021). Also, ATR has observed that, in recent years, there has been a reduced focus on the workability of legislative proposals in the Netherlands. In 2017, ATR expressed doubts about the workability of a proposal in a quarter of their recommendations, but in both 2019 and 2020, this was the case in only about 6 out of 10 opinions (ATR 2020 Annual Report).

The various support measures for entrepreneurs during the COVID-19 pandemic represent a break with this practice. The ‘intelligent lockdown’ during the first wave saw various sectors come to an immediate economic standstill, where it was impossible to offer any clear prospects for the future. A package of general and sector-specific emergency support measures was introduced at an unprecedented pace to limit the economic damage.

The design of the various support measures for entrepreneurs was focused on helping them as quickly, properly and efficiently as possible to avoid a wave of bankruptcies and layoffs in the affected sectors. As in most other European countries, the timing of the measures and ensuring confidence in the economy were considered crucial factors for the effectiveness of economic measures: the motto being “Act fast and do whatever it takes” (Baldwin & di Mauro 2020). In particular, measures had to have a strong impact on affected persons in the business community and preferably be implemented as quickly as possible.

A second wave and second lockdown occurred after the summer, both of which lasted longer than the ones before the summer. Support measures were extended, with additional conditions being attached to some of these. For example, more conditions that were stricter than before were attached to the wage support payments granted under NOW during the second wave (NOW 2) than in the initial NOW scheme in the first wave (NOW 1). This was also true for the second phase of Tozo (Tozo 2).

Suddenly confronted with the rapid advance of the coronavirus, the Dutch government had to act decisively and on a large scale. The pandemic proved to be what is known as a ‘turbulent problem’: surprising, inconsistent and unpredictable (Ansell et al., 2021). A turbulent problem forces the government towards transformation, in search of a new balance to be maintained in society. For this reason, the support measures during the COVID-19 pandemic have unintentionally become a kind of legislative experiment, in which the regulatory burden is a key factor for applicants seeking government support and for the feasibility of the regulations. Besides causing considerable damage, a crisis also offers scope for ingenious solutions. Necessity is the mother of invention, and in times of crisis, opportunities emerge that previously went unnoticed. Sometimes, these solutions are useful even after the crisis is over. Entrepreneurs, the business community, lawmakers and implementing organisations have demonstrated their agility during the COVID-19 crisis. Consideration has been given to redesigning procedures, adopting digital solutions and tweaking the relationship between policy and implementation. In this report, we explore whether any lessons can be drawn from this experiment that could be useful in regular legislative processes. It should be noted that this study was conducted in the midst of the pandemic. At the time of



writing this report, the Netherlands is once again in lockdown and economic support measures are still in effect or have been reintroduced. This study focuses on the early stages of the pandemic at the time of the first and second waves of the coronavirus.

The Dutch government has been striving to make regulations more flexible, less burdensome and more responsive for quite some time now. Reducing the regulatory burden also fits within the EU Better Regulation Programme and the Regulatory Fitness and Performance Programme (REFIT). In view of this, the new, temporary way of working during the COVID-19 crisis could yield lessons for future regulatory design. The aim of the study is to examine how the COVID-19 support measures have come about so as to draw lessons that could also be useful in regular legislative processes. In the study, we focus on SMEs, rather than on government support for large companies such as KLM. After all, multinationals are subject to a different regulatory burden, and different characteristics for workability apply to them, which may not apply to smaller companies.

The main question posed in the study is:

How was the workability and regulatory burden of the COVID-19 support measures perceived by entrepreneurs in SMEs, what is the role of the legislative process and the legislative principles applied therein and what lessons can be drawn for more flexible, less burdensome and more responsive laws and regulations?

We will answer this question based on the following subquestions:

1. What business-oriented measures have been taken to mitigate the adverse economic effects of the COVID-19 crisis?
2. What legislative principles do policymakers and legislative drafters believe were decisive in the creation of the COVID-19 support measures?
3. What experiences have been gained during the legislative process of the COVID-19 support measures, in relation to a more practicable and less burdensome implementation of the measures?
4. How do entrepreneurs in SMEs perceive the workability and regulatory burden of these measures?
5. How do the legislative process and the legislative principles applied therein, including any interim changes, affect the workability and regulatory burden experienced by entrepreneurs in SMEs?
6. What lessons does the study offer for the design of laws and regulations that have a higher level of workability and lower regulatory burden?

The first question focuses on drawing up an overview of the COVID-19 support measures for the business community and, in particular, SMEs. Based on the above list, we can identify the support measures that offer potentially interesting insights for answering the main question asked in this study. The second and third questions address the policy process and associated legislative process. Specifically, this involves the various considerations that have been made in this process and the legislative principles that have played a role in the creation of the measures. The fourth and fifth questions are aimed at examining how the choices made in policy and legislation affect the workability and regulatory burden as experienced by entrepreneurs in practice. The final subquestion is a deliberative one, which aims to distil inspiration for future laws and regulations from the entire body of insights gained in the study.

## 1.2 Study approach

As of now, little is known about the impact of the COVID-19 support measures and the workability and regulatory burden experienced by entrepreneurs. The available literature largely relates to experiences with the regulatory burden prior to the coronavirus crisis. Moreover, the COVID-19 support measures have been modified several times, and each of them has different stages, from the time of application to a retrospective assessment. Therefore, it is quite conceivable that the workability and regulatory burden experienced by entrepreneurs varies over time. To examine this further, we identify certain expected areas of tension based on the literature, which we will then analyse *qualitatively* and *tentatively*. The qualitative approach enables us to enrich existing insights with in-depth and new insights about the dynamics and the course of (i) the legislative processes and (ii) their impact on the workability and regulatory burden experienced by entrepreneurs. More specifically, we combine the literature review with desk research, interviews and focus groups in our study.

### 1.2.1 Studied measures

We made a selection in advance of the measures to be studied, which includes: the Temporary Emergency Bridging Measure for Sustained Employment (NOW), the Policy Rule on Reimbursement for Entrepreneurs in Affected Sectors (TOGS), the Reimbursement of Fixed Costs (TVL), the Temporary Bridging Scheme for Self-employed Persons (Tozo) and the Temporary Bridging Scheme for Flexible Workers (TOFA). Based on their scope and other features, these measures were considered the most likely to yield lessons for the future, in light of the expected areas of tension related to the regulatory burden, workability and legislative principles applied. NOW, TOGS, TVL and Tozo are regarded as the primary support measures. In addition, we have included TOFA because it is a special measure in the sense that it applies to employees (flexible workers) rather than entrepreneurs. The wide variety of other sector-specific, local and otherwise smaller measures have therefore not been included in the study.

### 1.2.2 Study methods

#### Literature and document review

The first part of our study consists of a literature and document review. Based on the literature review, we have defined (in Chapter 2) the most important legislative principles for this study and the concepts of workability and regulatory burden. We use the literature to identify possible areas of tensions, which we then analyse qualitatively and tentatively in the study. In addition, we discuss recent studies on the impact of COVID-19 support measures on perceived regulatory burdens in the Netherlands and abroad. We use this overview as a context for interpreting the findings from our own study.

In addition to scientific literature, we have also viewed the general information provided on the websites of the central government, the Netherlands Enterprise Agency, the Employee Insurance Agency (UWV) and the municipalities. We have gone through the relevant Parliamentary Papers and looked at how the measures have been established by law. Where available, we have taken the evaluations of the measures into consideration in the desk research. Besides giving an idea of the content of the measures, the available information on the measures helps provide insight into the legislative process and the legislative principles applied therein. The study questions form the basis for selecting the measures to be studied in further detail. By means of the document review, we have determined which measures are relevant for inclusion in the study.

### Qualitative interviews and focus groups

The core of the data collection process consists of a total of 15 semi-structured interviews and 3 focus groups. Firstly, the interviews allow us to delve deeper into the practices and experiences of policymakers and implementers involved in the legislative process, which form the basis for the final consideration of the legislative principles. For this, we interviewed nine policymakers and legislative drafters from the relevant ministries and three representatives from implementing bodies regarding the COVID-19 support measures for the business community included in the study. In addition, we conducted interviews with stakeholders from the employers' organisation Confederation of Netherlands Industry and Employers (VNO-NCW), the employers' organisation Ondernemend Nederland (ONL), the Royal Netherlands Institute of Chartered Accountants (NBA) and the Netherlands Court of Audit, each in relation to their own perspective and involvement in the various support measures.

Interviews and focus groups were also conducted with the entrepreneurs who made use of the COVID-19 support measures. Both the focus groups and the interviews provide in-depth insight into the workability and regulatory burden experienced by entrepreneurs. Moreover, this qualitative approach allows us to examine how the perceived workability and regulatory burden evolve during the different stages of the use of a COVID-19 support measure (from application to retrospective assessment). It also enables us to further explore the impact of any combinations of support measures and changes in the design of these measures over time. In this way, it provides a more precise picture of the dynamics and nuances in the perceived workability and regulatory burden (Boeije, 2016), which is important for deriving appropriate lessons for the future.

In the focus group, participants were asked in an interactive group setting about their experiences with respect to the workability and regulatory burden of the support measures. The focus group set-up made it possible to question the participants in a more natural, conversational manner than in an interview. During the process, entrepreneurs also shared their experiences with each other. This brought out more clearly both the similarities and differences in experiences and challenged the participants to give further nuance to and reflect on their experiences. This kind of conversation can lead to insights that might not have emerged in individual conversations. However, to avoid individual experiences from being excessively influenced by those of the other members in the group, participants were also explicitly asked at the beginning of each focus group to first write down their most important experiences separately from each other before sharing them with the group. In addition to the focus groups, individual interviews were also conducted with entrepreneurs. The findings from these interviews confirm the insights gained from the focus groups.

To derive lessons that would be informative for legislative processes in a more general sense, it was attempted to set up the focus groups and interviews to represent a balanced, diverse selection of sectors and types of companies. A total of four interviews were conducted with entrepreneurs from the hospitality, fitness and event management sectors. A total of 14 respondents from the retail, maritime, travel, cultural and hairdressing sectors participated in the three focus groups. The entrepreneurs participating in the study had all benefited from one or more tranches of one or more COVID-19 support measures for the business community. Each focus group included respondents who had at least one support measure in common that they had all made use of. Finally, we spoke with two ONL employees who were able to share with us the experiences of various entrepreneurs.

The data from the interviews and focus groups were analysed based on thematic and analytical coding (Richards, 2005). The thematic coding phase focused on categorising and organising the data and led to the identification of sub-themes that were essential for answering each of the subquestions (cf. Richards, 2005). This was followed by the two-step analytical coding phase. Firstly, the most important aspects were

identified for each subquestion. This included, on the one hand, aspects from the literature that are relevant for understanding the concepts of workload and regulatory burden. On the other hand, new aspects considered important by the participants, which had not previously been focused on, were also explicitly examined (Richards, 2005). In the second step, the principle of constant comparison (Boeije, 2016) was applied to look for patterns in the way data from previous scientific studies and the empirical findings from the present study are connected to one another.

## 1.3 Structure of the report

The remainder of this report is structured as follows: In Chapter 2, we describe the **conceptualisation** of the key concepts and the **existing research** on regulatory burdens in relation to the COVID-19 support measures. Chapter 3 presents the **studied measures and time frame** of each of the measures. In Chapter 4, we outline our findings regarding **legislative principles, workability and the regulatory burden**. Chapter 5 contains the overall **conclusions** of the study. Finally, in Chapter 6, we present our recommendations in form of **lessons for the future**.

## / 2 Conceptualisation and existing research

In order to examine how the legislative process and the legislative principles applied therein influence the workability and regulatory burden of the COVID-19 support measures for SMEs, it is important to first provide a clear definition of these concepts. In Section 2.1, we conceptualise these concepts and discuss the legislative principles that are most significant for this study. Subsequently, in Section 2.2, we formulate specific points for attention for our study based on previous research on regulatory burdens and other studies concerning the COVID-19 support measures. The insights from both these sections ultimately lead to the analysis framework outlined in Section 2.3, which is the starting point for our empirical study.

### 2.1 Conceptualisation of key concepts

The key concepts involved in this study are regulatory burden, workability and legislative principles.

#### 2.1.1 Regulatory burden and workability

In this study, we follow the definition used by ATR based on the Manual for Measuring the Costs of Regulation (*Handboek Meting Regeldrukkosten*) (Sevat and Streefkerk 2018). By regulatory burden, we mean the investments and efforts that companies, citizens or professionals (i.e. professional practitioners such as auditors) must make to comply with government laws and regulations (Sevat and Streefkerk 2018).

In the Netherlands, ATR issues opinions on all proposed laws and regulations that have consequences for the regulatory burden. In doing so, ATR contributes to the reduction of the regulatory burden with its recommendations on existing legislation, regulations of local and regional authorities, and policy and other rules issued by regulators, inspectorates and implementing organisations. The definition includes the material costs of regulation – expressed in euros – and the investments and efforts that companies, citizens or professionals must make in order to comply with the obligations under laws and regulations issued by the central government (Sevat and Streefkerk 2018). These include the information and transaction costs for becoming familiar with the rules ('familiarisation costs') and the compliance costs associated with meeting the conditions for the rules.

Veerman (2009), in his book '*Over wetgeving*' (On Legislation), makes a distinction between the objective and subjective components of the regulatory burden. According to him, there are potential, actual and perceived regulatory burdens. The potential regulatory burden relates to the *number* of rules, which influences the likelihood of conflicting rules, frictions relating to coordination and accessibility issues. The actual regulatory burden relates to the *obligations* imposed by the rules, such as the substantive obligation to pay taxes and the information obligation to provide information about the composition of products. This type of regulatory burden is closely related to compliance costs. Finally, the perceived regulatory burden relates to the subjective *perception* of the regulatory burden: how the number of rules and the obligations arising from them are perceived by the relevant target group.

As far as this subjective component is concerned, it is important to note that the perceived regulatory burden *may be* related to the number and nature of the rules, but this is not necessarily the case. By no

means are all rules experienced as a burden, and moreover, the perceived regulatory burden is also influenced by factors relating to the rules, such as the manner of treatment by governments and services, provision of information or the presence of multiple points of contact (Veerman, 2009). For the perceived regulatory burden, we look at the perceptions of users regarding the proportionality and usefulness of the rules. This type of regulatory burden is not quantified but assessed qualitatively. Finally, in this study, following the example of Herd & Moynihan (2019), we also take into consideration the psychological costs arising from the stress caused by the uncertainty and ambiguity of the rules, loss of autonomy or stigmatisation due to the rules.

A key question within ATR's review framework is whether an implementation method has been chosen that is *practicable* for the target groups that are expected to comply with the legislation. By workability, we mean the ability of companies, citizens or professionals to understand and apply rules, including the extent to which implementation systems or procedures are aligned with the digital and other systems and practices of these companies, citizens or professionals. This includes smooth contacts with officials, timeliness of the regulations, turnaround times, the link between various rules and the mutual cooperation between and within different bodies. If rules have a high degree of workability, the regulatory burden will tend to be perceived as low, and vice versa.

For examining the regulatory burden in relation to the COVID-19 support measures, this study uses the following conceptual framework:

- ▶ **perceived regulatory burden:** the experiences of companies, citizens or professionals with respect to the investments and efforts they must make to comply with government laws and regulations. This consists of two elements: perceived familiarisation costs and perceived compliance costs;
- ▶ **familiarisation costs:** information and transaction costs involved in getting to know the subsidy requirements, including the degree to which these are comprehensible to the target population, the extent of expertise needed for submitting the application and the assistance available for obtaining information;
- ▶ **compliance costs:** costs of complying with the conditions for the rules, including the energy and time required to make an application, required documentation and proof to be provided in advance, audit costs (e.g. need for an audit opinion), other obligations associated with regulations and the availability of adequate advice in case of any ambiguity;
- ▶ **perceived workability:** the ability of companies, citizens or professionals to independently understand and apply rules, including the extent to which implementation systems and procedures fit in with their digital and other systems and practice, smooth contacts with officials, timeliness of regulations and manageable turnaround times, the link between various rules and the cooperation between and within various bodies;
- ▶ **perceived proportionality** of laws and regulations: the relationship between the efforts required to comply with the obligations imposed under laws and regulations and the extent to which the intended policy objective is achieved through those efforts;
- ▶ **perceived benefit** of laws and regulations: the benefits or added value that companies or professionals expect to derive from laws and regulations, for themselves or for society;
- ▶ **psychological costs** in the form of stress, perceived dependence and loss of autonomy, perceived discrimination or stigmatisation, or loss of trust in the government.

## 2.1.2 Legislative principles

In this study, we look at how the course of the legislative process for the introduction of the COVID-19 support measures has influenced regulatory burdens or how they are perceived. We outline the course

and outcomes of the legislative process based on legislative principles. Legislative principles play an important role in the policy on legislative quality that has been in effect within the central government since the 1980s. In the memorandum entitled 'View on legislation' (*Zicht op wetgeving*) (1991), the then Minister of Justice formulated 12 quality requirements with which legislation must comply. These are generally clustered as follows:

- ▶ lawfulness and the realisation of general principles of law;
- ▶ effectiveness and efficiency;
- ▶ subsidiarity and proportionality;
- ▶ feasibility and enforceability;
- ▶ alignment with other regulations;
- ▶ simplicity, clarity and accessibility.

These quality requirements were reaffirmed in the Policy on Legislative Quality Memorandum (*Wetgevingskwaliteitsbeleid*) (2000). This Memorandum emphasises that these quality criteria relate to different aspects of legislation, from technical aspects to more policy-related aspects. The significance and emphasis on the importance of how these criteria are applied in concrete cases always depends on the context in which the laws and regulations are formulated and enforced. Official and political decision-making must adequately consider all these aspects and viewpoints within their context. Of the principles mentioned above, **lawfulness**, **effectiveness**, **efficiency**, **feasibility** and **comprehensibility** (which combines the principles of simplicity, clarity and accessibility) are particularly important for the present study of the COVID-19 support measures and the crisis context in which the measures had to be created. We will therefore focus on these legislative principles in this study.

An important comment by Veerman (2009) regarding these quality requirements for legislation is that they have not been operationalised into concrete dos and don'ts and have not been fleshed out based on empirical research. According to him, the quality of legislation is also determined to a certain extent by the 'customers'. Since laws always affect someone or the other and all persons subject to the laws have to deal with them, customer opinion is important. At the same time, he notes that implementers, enforcers, citizens and companies, intermediary organisations, judges and lawyers each play different roles in dealing with laws. Bearing these roles in mind, one can assume that they will mostly focus on what the law means to them individually, and this differs for each of them.

Precisely because of the broad target audience to which legislation pertains, we also pay attention in our study to three other legislative principles that are relevant to the examination of the support measures. These are the principles of **due care**, **equality** and **responsiveness**. The principle of due care, codified as a general principle of proper administration in the General Administrative Law Act (*Algemene Wet Bestuursrecht*), specifies that, when drafting regulations, all administrative bodies (and therefore also the legislature) must identify and take into account all relevant factors and circumstances that influence decision making. Equal treatment under the law means treating equivalent cases equally. Responsive law refers to law that responds well to society's needs, where the lawmaker listens and is susceptible to criticism (Veerman, 2009). We consider this to be a relevant legislative principle especially at the time of the COVID-19 crisis, when the circumstances of citizens, companies and institutions were in a constant state of flux.

In summary, these are the legislative principles we will focus on in this study:

- ▶ **lawfulness**: the extent to which the measure fits within existing law and its implementation is in accordance with the regulations;
- ▶ **effectiveness**: the extent to which the measure contributes to achieving the intended objective;
- ▶ **efficiency**: the extent to which resources are used efficiently, i.e. the least possible resources used for the greatest possible impact;

- ▶ **feasibility**: the extent to which the measure is practicable for the intermediary organisations involved;
- ▶ **due care**: the extent to which the necessary knowledge is gathered for drafting the legislation and all relevant facts and interests are considered before a measure is instituted;
- ▶ **comprehensibility**: the extent to which the measure is concise, clear and accessible for those for whom it is intended;
- ▶ **equality**: the extent to which a measure ensures that equivalent cases are treated equally;
- ▶ **responsiveness**: the flexibility and room to respond to practical situations and the capacity to learn from feedback from practice.

These legislative principles can sometimes help in reducing the regulatory burden, but they may also occasionally be at odds with each other or with the regulatory burden itself. For example, the principle of responsiveness may be at odds with the principles of efficiency and lawfulness, if many exceptions are allowed. As far as equality is concerned, the question is to what extent different groups should be treated equally or unequally. It may be effective to apply measures to large groups without making too many distinctions between cases that are not equivalent in practice. However, this is to the detriment of the principle of equality. Conversely, from an equality perspective, there may be a tendency to treat everyone equally as far as possible, while in practice the cases are unequal. In such cases, equal treatment is not effective and efficient, and therefore not necessary.

Lawfulness, effectiveness and efficiency can lead to high familiarisation and compliance costs and reduced workability for companies. Conversely, for the sake of effectiveness, low familiarisation costs can be aimed for, so that many of the companies can assess for themselves whether the measures apply to them. Effective and responsive policies can also help reduce the psychological costs and increase trust in the government (Herd & Moynihan 2019). In short, there are various relationships between legislative principles and between administrative burdens, as well as between their various components. In Section 2.3, we formulate specific expectations about the relationship between legislative principles and regulatory burdens in the context of the COVID-19 support measures.

## 2.2 Existing research on regulatory burdens in relation to the COVID-19 support measures

In this section, we formulate specific points of attention for our study based on scientific literature. Firstly, we derive certain points of attention from existing research on regulatory burdens. One of the most important recent scientific studies in the area of regulatory burdens is the American study conducted by Herd and Moynihan (2019). A number of key points can be derived from this study for the analysis of the perceived regulatory burden in the context of the COVID-19 support measures, which we have discussed below. Secondly, we draw insights from initial research on the effectiveness of the COVID-19 support measures, the results of which have been recently published.

### 2.2.1 Specific points of attention for studies on the regulatory burden in relation to support measures

**Practicable rules reduce the regulatory burden.** It may seem obvious, but Herd and Moynihan (2019) argue that regulatory burdens can be reduced by taking into account the needs of the target population. Information made accessible at a time and place suitable for the entrepreneur – for example, outside of office hours – by service providers and bodies that entrepreneurs are already familiar with (e.g. the



Chamber of Commerce) or in the native language of entrepreneurs with a migration background can help reduce familiarisation costs. Standardisation of deductible items or categories, alignment with existing processes and regulations, and the use of standard pre-filled forms can help reduce compliance costs and the perceived regulatory burden.

**Regulatory burdens can be shared between the government and citizens or entrepreneurs.** In many cases, citizens or entrepreneurs must incur certain familiarisation costs because they need to find out if they can qualify for measures. In addition, it takes time and effort to fill out forms and provide the necessary documentation (compliance costs). Rules also have psychological consequences, where citizens feel dependent on the government. The government may choose to bear the administrative burdens itself as far as possible. Administrative burdens can never be reduced to zero, but the government can make maximum efforts to reduce or eliminate these burdens for its citizens. Linking various data, using existing programmes and channels or awarding subsidies for a longer period of time rather than continuously requiring the submission of new applications are a few examples of how the familiarisation costs can be reduced. In addition, citizens can be personally approached or invited to participate in the schemes; they can be provided with personal assistance for filling out applications; an information desk or telephone help desk can be set up; and the compliance process can be automated. This type of outreach not only breaks down procedural barriers but also provides the government with an opportunity to actively help people, especially those who feel easily forgotten (Herd & Moynihan, 2019).

**Regulatory burdens are distributed unevenly across groups.** For some groups, the burden is higher than for others. Many regulations are too complex for the average citizen or entrepreneur. Familiarisation costs are higher for entrepreneurs who have had a practically oriented education because, for example, the information is harder for them to understand or because they do not speak the language. Or they have higher compliance costs because, for example, they face more scrutiny or are less administratively competent in complying with rules. As a result, they may also experience a higher regulatory burden. Consequently, special attention must be paid to target groups for whom the rules are very important but not as accessible or comprehensible. This may include semi-literate persons, self-employed persons without employees or entrepreneurs in sectors where the general level of education is lower. When implementing rules, attention should be paid to differences in participation between different groups, and adjustments should be made where possible. This relates to the principle of equality. However, the paradox is that, in order to ensure an equal regulatory burden for different target groups, differences sometimes have to be made between the groups.

**Responsiveness requires an adaptive learning process.** The government needs to make an active effort to gather information on the impact of measures on citizens and entrepreneurs and to adjust policies accordingly. The lesson to be drawn from the COVID-19 crisis is that the basic assumption of a stable status quo must be abandoned: regulations should offer more scope for adjustment based on new developments and insights (Ansell et al., 2021). Secondly, citizens must be more actively involved in the policy process: for the purpose of gathering information as well as to allow them to experience the complexity of policy processes and understand that the government is there for them.

**Regulatory burdens arise not only in individual measures but also in the interaction between different measures.** Due to poor coordination between schemes, the stacking of schemes and poor coordination between implementing organisations, the combination of measures can reduce workability and create new regulatory burdens.

**Regulatory burdens affect citizens' perceptions regarding the government, such as trust in the government.** In a crisis situation, the government's role is to provide the necessary support and smooth services to citizens, as stated by Herd and Moynihan (2019). This clearly shows that, apart from material consequences, these services also have a significant impact on citizens' trust in the government. Reducing regulatory burdens will not only help reduce the psychological costs among those directly affected but will also strengthen trust in the government as a whole and encourage contact between citizens and government. Established complaint procedures and the Ombudsman can play a role in promoting the lawfulness and fairness of concrete measures.

**There is a trade-off between the ease of access to the measures, on the one hand, and efficiency and lawfulness, on the other.** Often, the regulatory burden in terms of administration needs to be weighed up against other objectives, such as the prevention of misuse and fraud. Administrative burdens should be reduced as far as possible without harming other public values. In determining the support measures for the COVID-19 crisis, it appears that other public values, such as the prevention of misuse, were less of a decisive factor. Accessibility and equality of participation were of prime importance in order to maximise efficiency so that as many entrepreneurs as possible could participate. This made it possible for large, healthy companies to also obtain support, the necessity of which was later questioned. Based on a historical study of opportunities for fraud during pandemics and economic crises, Levi and Smith (2020) conclude that "the scale of the public economic support programmes of 2020 creates risks of fraud that, as far as we know, have never been present to the same extent in previous pandemics and economic crises."

**Regulatory burdens have a political component.** Herd and Moynihan (2019) refer to the example of abortion legislation in the US by which abortion was made complicated and inaccessible by incorporating numerous administrative obligations. In this case, the administrative burden became a means to achieve the political goal of preventing termination of pregnancy, a form of 'policy making by other means'. As opposed to this, the deliberate reduction of regulatory burdens can serve as a political tool not just for making the measures more efficient but also for increasing citizens' trust in the government or for conveying a message of support for entrepreneurs. Reducing the regulatory burden by offering information in multiple languages, actively assisting entrepreneurs from certain target groups or accepting a certain level of errors and misuse can be politically sensitive decisions. Therefore, in the context of this study, we have also paid attention to the political dynamics and the role of the House of Representatives.

## 2.2.2 Specific points of attention from recent research on COVID-19 support measures

Although such research is still limited, some initial studies have been conducted, both nationally and internationally, on the use and effectiveness of the various support measures. This research also yielded specific points of attention for this study.

**Speed of implementation is at odds with due care with respect to the schemes.** All the schemes will be evaluated in the coming years, but a process evaluation has already been carried out for Tozo, a scheme that runs till 1 October 2021. According to the Dutch policy research organisation *De Beleidsonderzoekers*, it is remarkable that it was possible to design a proper scheme within an extremely short period of time, since this process usually takes much longer. Two reasons for the faster process were the sense of urgency among the parties directly involved and acceptance of the fact that, within the limited time, there was no opportunity to allow various other parties to also inspect and respond to the schemes. On the other hand, they also note that "speed and due care are difficult to reconcile, and that is evident in this process as well." After all, Tozo also had certain bottlenecks, as evident from an overview by the National

Ombudsman. There were complaints from self-employed persons that the partner income test included in Tozo 2 resulted in excessively low benefits for applicants with high fixed expenses. Furthermore, the National Ombudsman study (2021) shows that the dilemma for policymakers in the times of COVID-19 is to quickly come up with easily enforceable laws that are generic and offer limited scope for customisation. With greater customisation, rules become more detailed or municipalities need to have discretionary powers. It also appears that municipalities often do not dare to deviate from the letter of the law. Although the Minister of Social Affairs and Employment calls on municipalities to be generous with the Temporary Support for Necessary Costs (*Tijdelijke Ondersteuning Noodzakelijke Kosten*, TONK), there is a fear among municipalities that they will have to pay the costs themselves in case of any irregularities.

**Standardisation is at odds with workability.** On 1 March 2021, the National Ombudsman initiated a study on the bottlenecks experienced by self-employed persons in accessing debt assistance. A digital suggestion box was set up to which self-employed persons without employees and small entrepreneurs could send their feedback about the COVID-19 support measures. Based on more than 500 complaints, the National Ombudsman drew up a list of the most important bottlenecks and discussed these, via individual and group discussions, with employers' organisations and policymaking organisations (2021). These bottlenecks included: (1) the excessively low partner income test of Tozo II to IV for self-employed persons without employees who have high fixed costs, (2) the excessively strict conditions for TONK, (3) the lack of compensation due to incorrect SBI (Dutch standard industrial classifications of economic activities) codes and (4) the inability to obtain TVL due to no or limited turnover in the reference period. A major concern here is the government's limited customisation of the process of reclaiming the paid financial support. If the government awards benefits, these are often in the form of an advance based on the information available at the time. If the final settlement shows that the advance paid was too high, the government will reclaim the necessary amounts. It has since become apparent that the advance payment was often incorrect and that many schemes have experienced demands for relatively large repayments. This implies higher compliance costs for entrepreneurs and hence a greater regulatory burden, where it should be noted that the government often offers more flexible payment agreements than normal for the repayment of COVID-19 support.

**Entrepreneurs do not always perceive the measures as optimally beneficial.** A major survey of 120,000 companies worldwide by the World Bank shows that the process of ensuring that the support actually reached the companies that needed it most proved to be very complex. A lot of the support ended up with companies that did not need it, and smaller companies in particular experienced higher familiarisation and compliance costs. As a result, they did not always receive the support they needed (Cirera et al., 2021). In the Netherlands, a study involving 193 SMEs showed that the number of SMEs using the support measures decreased from 60% to 51% (Kokx, 2021). Goudriaan's study (2021) of the cultural sector also showed that, in some sectors, the schemes do not fit the type of organisation and its practices, such as in the case of nightclubs or festivals. The amount received under TVL is too low, and there is no appropriate SBI code for nightclubs, because they are wrongly equated with cafés. Hence, the COVID-19 support measures are not always perceived as practicable, appropriate and beneficial.

**Entrepreneurs do not always trust promises made by the government.** An American study conducted in the first six months of the coronavirus crisis (Bartik et al., 2021) shows that a large proportion of small businesses were faced with acute liquidity problems as a result of COVID-19. Nonetheless, entrepreneurs were often reluctant to apply for support because they expected high administrative burdens and bureaucratic obstacles and expected that they would have difficulty proving that they were entitled to the support. Moreover, they did not trust the government to retain the favourable subsidy conditions, such as the waiver of loans. This clearly shows that regulations may be efficient on paper, but their usefulness may be perceived differently in practice, and that psychological processes play a role in decisions on whether

or not to participate. It also shows that simply the *anticipated* workability and regulatory burden can be a reason for people not to make use of the available support.

## 2.3 Analysis framework

The above insights can be summarised in an analysis framework with specific points of attention for the study. This analysis framework offers guidance for the empirical study: it forms the basis for the list of discussion points for the interviews and focus groups and provides the framework for analysis and reporting.

Specific points of attention regarding the workability and regulatory burden of the COVID-19 support measures:

- ▶ familiarisation costs and government efforts to reduce these costs;
- ▶ compliance costs and government efforts to reduce these costs;
- ▶ perceived regulatory burden within specific target groups;
- ▶ political sensitivities regarding the reduction of regulatory burdens;
- ▶ workability and how this is perceived, and the link with actual practices of entrepreneurs, especially in relation to the stacking of rules;
- ▶ proportionality and how this is perceived: the relationship between efforts to comply with the regulations and the intended policy goal;
- ▶ perceived benefit of laws and regulations;
- ▶ psychological costs of the COVID-19 support measures;
- ▶ evolution of the rules over time and capacity of the government to adapt based on experiences;
- ▶ trust in the government as a condition for effectiveness;
- ▶ consequences of the regulatory burden or a reduction therein in terms of trust in the government.

### 2.3.1 Shift in legislative principles, with implications for workability and regulatory burdens

Along with the design and implementation of COVID-19 support measures for entrepreneurs, a legislative package was also developed under severe time pressure, where the legislative process proceeded differently than in non-crisis times. This means that the emphasis was laid on other legislative principles than normal. Rules were designed to achieve the goal of supporting entrepreneurs as quickly as possible, while lawfulness was less of a priority in the initial period. The idea was that this shift in legislative principles would minimise the regulatory burden for entrepreneurs. At the same time, other important aspects, such as workability, could be compromised. To further explain the shift in legislative principles and the relationship between various aspects of the regulatory burden and the legislative principles, we have identified a few possible areas of tension.

Firstly, we expect a certain tension between the legislative principles of effectiveness and feasibility and the legislative principles concerned with due care. Specifically, we expect a shift to have occurred from efficiency, lawfulness, due care, comprehensibility and responsiveness to effectiveness and feasibility. The COVID-19 support measures were designed to be easily accessible and limit the regulatory burden for entrepreneurs, so that they could be as effective as possible. Few checks were carried out in advance. Speed was also an important component of effectiveness: the longer it would take to introduce support measures, the less effective they would be. As a result, lawfulness and efficiency weighed less heavily for a while.

A greater emphasis on effectiveness may have been to the detriment of the comprehensibility of the measure, possibly making it difficult for some entrepreneurs and implementing bodies to understand who was entitled to make use of the measures and to which target group the measures specifically applied. This may have resulted in a higher regulatory burden in the form of familiarisation costs, where the psychological costs are perceived to be higher due to the lack of clarity.

Moreover, for the sake of effectiveness, more generic measures and highly standardised processes were introduced. As a result, less customisation could be carried out in practice, and it was less possible to allow for exceptional situations and specifications (responsiveness). This may have made the measure less aligned with the entrepreneurs' systems and practices (workability and equality), resulting in a greater regulatory burden in the form of compliance costs, where entrepreneurs perceived the regulations as less useful.

In short, on the one hand, an increase in workability and decrease in regulatory burden can be expected, but at the same time, a decrease in workability and increase in regulatory burden is also quite conceivable with respect to other aspects. In the empirical part of the study (Chapters 4 and 5), we explore in more detail how these theoretically expected areas of tension relate to the experiences of entrepreneurs in practice.

## / 3 Measures included in the study

### 3.1 NOW

<b>Initiator</b>	Ministry of Social Affairs and Employment
<b>Implementing organisation</b>	UWV
<b>Duration</b>	31 March 2020 to 1 October 2021
<b>Instrument</b>	Subsidy scheme with advance payment

#### Creation and purpose

The Temporary Emergency Bridging Measure for Sustained Employment (NOW) was the first and also the most significant economic support measure to be set up for companies in response to the coronavirus crisis. The economic consequences were being felt even before COVID-19 actually reached the Netherlands in February 2020. This was partly because trade with China, where the global pandemic began, was no longer possible or had reduced. This led to a loss of turnover for Dutch companies, as a result of which the UWV was suddenly faced with a huge number of applications under the Working Time Reduction scheme (*Werktijdverkorting*, Wtv). In a nutshell, this scheme allows an entrepreneur to temporarily apply for unemployment benefits for employees for whom no work is available temporarily due to an unexpected circumstance falling outside the normal entrepreneurial risk. Whereas, under normal circumstances, this scheme is used only sporadically, the UWV now suddenly received up to 55,000 applications for nearly 800,000 employees. This led to an acute scalability issue: the Wtv scheme was not designed for such a high demand, since each application had to be assessed manually by the UWV and the Ministry of Social Affairs and Employment. Therefore, both the Ministry and the UWV felt the need to set up another scheme without delay in order to preserve jobs.

It was essential to prevent companies from collapsing and drastically reducing the number of jobs. More specifically, NOW is aimed at supporting employers in times of acute and severe decreases in turnover by granting them a subsidy, so that they can keep their employees employed to the maximum extent possible. This compensation is important not just for retaining employees, with all their accumulated experience and knowledge, for the benefit of the affected companies and institutions, but also for preventing unemployment and offering employees and their families as much job and income security as possible in uncertain times.<sup>1</sup>

#### Eligibility requirements

NOW supports employers who are faced with a decrease in turnover of at least 20% over a consecutive period of three months, with the start date falling on the first day of the months of March, April or May 2020. The turnover in this measurement period is compared to that of January to December 2019, divided by four. If an employer did not exist on 1 January 2019, the reference turnover would be determined in a different manner. The basic principle is that a decrease in turnover of more than 20% in this period must be the result of extraordinary circumstances that fall outside the normal entrepreneurial risk and must be related, for example, to government interventions and public order measures. An employer does not have

---

<sup>1</sup> Letter from the Minister of Social Affairs and Employment to the House of Representatives of the States General, 31 March 2021: [Parliamentary Paper 35420, No. 8 | Overheid.nl > Official announcements \(officielebekendmakingen.nl\)](#)

to demonstrate the extent to which the extraordinary circumstances have contributed to the decrease in turnover by at least 20%.

Additional conditions are a best-efforts obligation on the part of the employer to keep the wage bill the same as far as possible. Furthermore, no application for dismissal may be made on commercial grounds, since the purpose of the scheme is to retain jobs.

If the application is approved, the UWV provides an advance payment of 80% of the subsidy as calculated based on the information provided in the application regarding the expected decrease in turnover.

**Evolution of NOW**

As the crisis continued, new quarterly tranches of NOW have come into effect. Additional conditions were also introduced with the introduction of NOW 2 (in June 2020). ATR issued an opinion on NOW 2 and made some recommendations to make the application more efficient, such as the reuse of the UWV's records from NOW 1.

A new condition that has received a lot of media attention is the requirement that companies should not pay out any dividends, repurchase shares and/or pay bonuses to the board or management in 2020. Furthermore, the penalty for dismissal was reduced from 150% to 100%. This reduces the financial threshold for employee dismissals despite the employer receiving support under NOW. In addition, a training obligation was introduced from the time of NOW 2, under which employers must try their best to encourage training or offer career development advice to employees. Since the introduction of NOW 3 (October 2020), the maximum compensation has been reduced and the dismissal penalty scrapped. Instead, employers are now required to assist employees, who have been proposed as candidates for dismissal for commercial reasons, in finding other employment. For NOW 4, the rate of compensation was 70%, and for NOW 5, this has been further reduced to 60%.

The table below summarises how the scheme evolved from NOW 1 to NOW 3.

Measure	NOW 1	NOW 2	NOW 3		
Tranche	1	2	3	4	5
Period	Mar-May 2020	Jun-Sept 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021
Ref. wage bill	January 2020	March 2020	June 2020		
Max. compensation*	90%	90%	80%	85%	85%
Dismissal penalty	150%	100%	No		
Training obligation	No	Yes	Yes		
Guidance for new job	No	No	Yes		

## 3.2 TOGS and TVL

<b>Initiator</b>	Ministry of Economic Affairs & Climate Policy
<b>Implementing organisation</b>	Netherlands Enterprise Agency
<b>Creation</b>	27 March
<b>Duration</b>	16 March 2020 to 26 June 2020 (TOGS) 30 June 2020 to 1 October 2021 (TVL)
<b>Instrument</b>	Policy measure/gift (TOGS) & subsidy scheme (TVL)

**Creation and purpose**

A second support measure of interest to this study is the Policy Rule on Reimbursement for Entrepreneurs in Affected Sectors (TOGS), and the resulting Reimbursement of Fixed Costs (TVL). These schemes have been set up to wholly or partially compensate for the economic effects of national public health measures on the revenues earned by entrepreneurs. As a result of these public health measures, companies saw their revenues decrease while most of their fixed costs continued as usual and certain expenses had already been incurred. TOGS was set up as part of a wider palette of support measures to provide an initial level of compensation to these entrepreneurs. TOGS offers a one-time compensation of €4,000 for companies in the affected sectors. There was no existing scheme at the time that could be used as a basis, and hence this was introduced as a policy measure with a fixed amount provided as a gift. The measure was generic in nature, and a certain degree of misuse of the measure was deliberately taken into account. It should also be noted that TOGS was only intended as a helping hand compared to NOW during the first wave of the coronavirus. In the interviews, policymakers indicated that, ideally, they would have preferred to customise TOGS further but simply did not have the time to do so.

When it became apparent that the coronavirus crisis was going to last longer, it was decided to extend this scheme via a more long-term subsidy scheme: TVL. After all, there was a continued need for support for fixed costs. Even if the planned relaxation of the COVID-19 measures means that sectors can start reopening, they are not always in a state to generate a normal turnover, let alone make up for the loss in turnover suffered earlier. Therefore, TVL has been set up, as it were, with the goal of developing in tandem with the changing reality.

#### **Eligibility requirements**

Initially, only companies from the affected sectors were considered eligible for TOGS. In determining the target group eligible for the first one-time reimbursement, the criterion was that these should be companies that:

- ▶ were forced to close down due to government interventions;
- ▶ had to close down due to the ban on organising gatherings and events, including those with fewer than one hundred people; or
- ▶ had been directly affected by advice against travel issued by the Ministry of Foreign Affairs.

To determine the sector under which a company falls, policymakers tried to align this to the SBI codes in accordance with the registration at the Chamber of Commerce. The following SBI codes were initially eligible:

- ▶ food and beverage establishments: restaurants, cafeterias, cafés, etc.;
- ▶ cinemas;
- ▶ hairdressing and beauty treatment: hairdressers, persons giving pedicures, make-up artists, etc.;
- ▶ travel agents and tour operators;
- ▶ driving school owners;
- ▶ saunas, solariums, swimming pools, gyms, sports clubs and sporting events;
- ▶ certain private cultural institutions such as museums, circuses, theatres and music schools.

However, it should be noted that the SBI codes known to the Chamber of Commerce do not necessarily correspond to the reality. For example, companies may have changed their activities in the meantime. This may result in companies not being able to receive the support they are actually entitled to receive. However, the scheme had to be simple, robust and, above all, quick, which unfortunately meant that greater customisation was not possible due to limitations imposed by the implementation. This was perceived as a dilemma by policymakers, but in the absence of a better alternative, a conscious decision was made in this regard.



To be eligible, companies in the aforementioned sectors should have experienced a loss in turnover of at least €4,000 and incurred fixed costs of at least €4,000 during the period from 16 March 2020 to 15 June 2020, even after making use of other support measures made available by the government in the context of combating the further spread of the coronavirus. The compensation is granted per company and not per unit of establishment. The purpose for which this compensation may be spent is not specified.

TOGS was succeeded by TVL 1, for which the target group is the same as that for TOGS. In the meantime, new sectors have been added, based on new insights gained over time and political wishes. Companies with more than 30% loss of turnover in the first quarter of 2021, as compared to the first quarter of 2019, were eligible for TVL 1. In addition, the fixed costs were required to be at least €1,500 per quarter, based on the percentage of fixed costs associated with the main activity of the company.

### Evolution of TVL

The TVL measure has been extended with several quarterly tranches, with the conditions being slightly adjusted each time. From the second tranche of TVL in October 2020, the SBI codes have been expanded to include almost all the SBI codes. After all, the economic impact was no longer limited to companies directly affected by the public health measures. The scheme was subsequently expanded further and made more generous to prevent companies from going bankrupt because of the coronavirus crisis. ATR has issued an opinion on TVL 2, where its main recommendation is that some of the information requirements, with regard to data already known to the government, should be removed.

The following table summarises the evolution of the TVL measure<sup>2</sup>

Measure	TVL	TVL Q4 2020	TVL Q1 2021	TVL Q2 2021	TVL Q3 2021
Period	Jun-Sept 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-June 2021	Jul-Sept 2021
For whom	SMEs with < 250 employees and specific SBI codes	SMEs with < 250 employees and virtually all SBI codes	Companies with virtually all SBI codes	Companies with virtually all SBI codes	Companies with virtually all SBI codes
Min. amt.	€1,000	€750	€1,500	€1,500	€1,500
Max. amt.	€50,000	€90,000	SME: €550,000 Non-SME: €600,000	SME: €550,000 Non-SME: €1,200,000	SME: €550,000 Non-SME: €600,000
Subsidy percentage	50%	50-70%	85%	100%	100%
Minimum loss of turnover	30%	30%	30%	30%	30%
Minimum calculated fixed costs	€4,000	€3,000	€1,500	€1,500	€1,500
Reference period	Fixed	Fixed	Fixed	Choice of two periods	Choice of two periods

<sup>2</sup> Source: Netherlands Enterprise Agency website

### 3.3 Tozo

<b>Initiator</b>	Ministry of Social Affairs and Employment
<b>Implementing organisation</b>	Municipalities
<b>Creation</b>	1 June 2020
<b>Duration</b>	1 March 2020 to 1 October 2021
<b>Instrument</b>	Subsidy scheme with advance payment

#### Background and purpose

As in the case of NOW, the Temporary Bridging Scheme for Self-employed Persons (Tozo) also had a scalability problem. Reduced incomes among the self-employed after the first few months in which national public health measures had been announced had by now led to an unprecedentedly high number of applications at municipalities for income support under the Social Assistance (Self-Employed Persons) Decree 2004 (*Besluit bijstandverlening zelfstandigen*, Bbz). There seemed to be a great need for support among self-employed persons. Under these exceptional circumstances, the Bbz with its limited feasibility did not appear to be the best instrument to offer support for the most serious needs experienced by the self-employed, with the aim of ensuring that they could survive the crisis. As a result, there was a need for an emergency scheme that could be quickly implemented. The government considered this necessary not only for the self-employed persons concerned but also for the Dutch economy in general.

The Letter to Parliament of 21 April from the Ministry of Social Affairs and Employment clearly outlines the objectives and principles. It also discusses the risks and imperfections of the scheme, as reflected in the text below.

*“To achieve this objective, the scheme was designed such that it could be rapidly implemented by the municipalities. Since the number of applications is expected to be exceptionally high and swift processing by municipalities is required, it cannot be anything other than a simple scheme, which can be implemented based on the capacity of municipalities. The requirement for rapid implementation has led to the exclusion from the scheme of certain conditions, which are usually attached to the provision of assistance and which are also essential for this. For example, there is no test for the viability of the company, no test for the assets of the self-employed person and no test for the income of the spouse or registered partner. Also, for reasons purely relating to the implementation, the cost-sharing standard has been set aside for the implementation of the present decision (while Section 78f of the Participation Act (Participatiewet) does not allow for such a deviation)”, and also:*

*“In light of the coronavirus crisis, there is a great need for swift and effective services. However, this has implications for the verifiability and enforceability of this decision. The speed with which the emergency measure has been formulated implies that this decision entails imperfections in dealing with the risks of misuse, that possible issues may have been overlooked and that the scheme may have unforeseen consequences that cannot be remedied after the fact. Because of the great social importance of providing social and economic security to self-employed persons, the remaining risks of misuse and imperfections are accepted.”*

For designing Tozo, the Ministry of Social Affairs and Employment set up working groups in which the Association of Netherlands Municipalities (VNG), Divosa (an association for municipal executives in the social domain), ONL and the municipalities were represented. A major bottleneck was the implementation, since municipalities all have their own ICT packages and suppliers. It was a challenge to link the scheme to the various systems. For this, within a short period of time, an organisational structure was set up at the

Ministry of Social Affairs and Employment consisting of policy officers, legislative drafters and other stakeholders. The project team was happy to have access to the knowledge of a team member who was one of the employees dealing with implementation processes at the municipalities on a daily basis. Hence, in the case of Tozo as well, it was possible to focus on the implementation while designing the measure and translate policy into implementation. However, unlike for NOW and TOGS/TVL, no single organisation was responsible for the implementation of an automated process. Instead, the relevant desks of the various municipalities were responsible for implementing Tozo. ATR's opinion on Tozo formulated some specific points of attention to improve the workability and reduce the regulatory burden of the scheme. This includes the recommendations that some of the questions in the application form should be left out and that the monthly payment cycle should be better aligned with the administrative processes of self-employed persons.

### Eligibility requirements

Depending on the nature of the financial problem, self-employed persons could qualify for two forms of assistance:

- ▶ Self-employed persons whose income has fallen below the social minimum as a result of the coronavirus crisis can apply for maintenance. This kind of assistance is an income supplement up to the statutory assistance criterion applicable to the affected party. This general assistance is provided free of cost.
- ▶ Self-employed persons facing liquidity problems as a result of the coronavirus crisis can apply for assistance to meet their working capital needs. This assistance is provided in the form of an interest-bearing loan.

The target group consists of self-employed persons who have been forced to interrupt their activities in whole or in part due to the coronavirus crisis, in accordance with the following conditions as defined in the decision:

- ▶ The central government has not obliged the self-employed person to do this, but they have been forced to suspend all or part of their activity as a result of the coronavirus crisis. These include, for example, self-employed persons who, due to quarantine, hospitalisation, a reduction in orders, customers or supply of raw materials, or for other reasons of an economic, organisational or personal nature, all of which are on account of the coronavirus crisis, have had to interrupt their activity in whole or in part.
- ▶ These self-employed persons have not had to wholly or partially interrupt their activity but have, as a result of the coronavirus crisis, suffered a loss of income, which has created financial problems for them.

### Evolution of Tozo

As with NOW and TOGS/TVL, Tozo was introduced each time in quarterly tranches and extended as the coronavirus crisis continued. The eligibility conditions for Tozo were also made more stringent. For example, Tozo 2 introduced the partner income test with effect from June 2020 when an income supplement was claimed. When a loan was requested due to liquidity problems, a viability test was introduced. The conditions were made even more stringent when Tozo 3 and Tozo 4 came into effect from September 2020. An assets test was also introduced.

The table below shows the evolution of Tozo over time.

Measure	Tozo 1	Tozo 2	Tozo 3/4
Period	Mar-May 2020	Jun-Aug 2020	Sept 2020 - June 2021
Partner income test	No	Yes	Yes
Business viability test	No	Yes	Yes

Assets test	No	No	Yes
-------------	----	----	-----

## 3.4 TOFA

<b>Initiator</b>	Ministry of Social Affairs and Employment
<b>Implementing organisation</b>	UWV
<b>Creation</b>	11 June 2020
<b>Duration</b>	22 June 2020 to 26 July 2020 (initially 12 July 2020, extended by two weeks)
<b>Instrument</b>	Subsidy scheme with advance payment

### Background and purpose

As a result of the nationwide public health measures, the services of flexible workers working in the directly affected sectors were no longer required by their employers. That is why the Ministry of Social Affairs and Employment set up this special scheme for them, which came into effect along with the other measures in the second tranche. The Temporary Bridging Scheme for Flexible Workers (TOFA) is different from the other support measures studied in that it can be used by employees.

During the first wave of the coronavirus, policymakers noted that no proper schemes had been devised for the affected target group of flexible workers who have no or limited entitlement to unemployment benefits. Subsequent to this, the Ministry worked out several variants of possible support measures for this group. Initially, policymakers had some doubts regarding the benefit of such a measure because, according to an exploratory study, it would involve a particularly small group. At the same time, the implementation of TOFA would place a relatively heavy burden on the UWV's capacity. Therefore, for reasons of efficiency, policymakers had advised the House of Representatives not to introduce any special scheme for flexible workers. However, TOFA was eventually introduced at the request of the House.

### Eligibility requirements

Flexible workers with a wage for social insurance purposes of at least €400 in February 2020 could make use of the scheme. To do so, they should have forfeited at least half this amount in April. At the same time, their wage for social insurance purposes should not have exceeded €550 in total in April. Under the scheme, flexible workers could be eligible for a fixed one-time gross allowance of €550 per month for the months of March, April and May. The applicant should not have received any unemployment benefits, social assistance or benefits under any other social security scheme during this period.<sup>3</sup>

### Evolution of TOFA

TOFA was introduced as a one-time scheme. More than 21,000 applications were submitted for this scheme, half of which were rejected. In most of the rejected cases, the wage for social insurance purposes over the reference period was too high. Policymakers had initially expected about 100,000 applications, but the final number turned out to be considerably lower.

---

<sup>3</sup> Source: UWV website

## / 4 Legislative principles, workability and the regulatory burden in practice

In this chapter, we report the findings from the interviews and focus groups conducted with policymakers, legislative drafters, professionals from the implementing organisations and entrepreneurs. To answer Subquestions 2 and 3, Section 4.1 discusses the legislative processes involved in the creation of the measures. We focus on the legislative principles that were decisive in the creation of the COVID-19 support measures (Subquestion 2) as well as on the experiences gained during the legislative process of the COVID-19 support measures in relation to a more practicable and less burdensome implementation of the measures (Subquestion 3).

Subsequently, we look at how the various considerations made during the process have worked out in practice. To that end, in Sections 4.2 and 4.3, we discuss, respectively, the workability and regulatory burden experienced by entrepreneurs when using NOW, TVL/TOGS and/or Tozo (Subquestion 4). Special attention is paid to the points that emerged as potentially relevant factors based on the analysis framework in Chapter 2. Finally, in Section 4.4, we discuss the relationship between the legislative principles and the regulatory burden and the possible areas of tension between them, as elaborated in the analysis framework. In doing so, we also answer Subquestion 5 regarding the effect of the legislative process and the legislative principles applied therein on the workability and regulatory burden as experienced by entrepreneurs.

### 4.1 Policymakers, legislative drafters and implementation in relation to legislative processes

In this section, we first answer the question about the specific legislative principles that were decisive in the creation of the COVID-19 support measures, according to the policymakers and legislative drafters. We then go on to discuss the experiences gained during the legislative process of the COVID-19 support measures, in relation to a more practicable and less burdensome implementation of the measures.

#### 4.1.1 Consideration of different legislative principles

**Effectiveness of the measures was crucial to keeping companies afloat.** Effectiveness as a legislative principle was the decisive factor when setting up the COVID-19 support measures. The aim of the measures was to support the sectors affected by the crisis and the restrictive measures for combating this crisis. Interviewees involved in the areas of policy, legislation and implementation indicated that the swift creation of the measures and prompt disbursement of financial support was an important component of the measures. In addition, the measures had to be generic in order to best achieve their objective. Unlike, for example, the Wtv scheme and social assistance benefits, the COVID-19 support measures were intended to serve large numbers of affected people. In addition, the target group was not always clear in advance. For example, it was expected that support under TOFA would be requested much more frequently than subsequently turned out to be the case in practice. This illustrates that effectiveness was paramount, with a focus on the swift creation of measures, a generic scope of application with respect to the affected persons and a quick disbursement.

**Feasibility was the determining factor in the design of the measures.** In case of regular legislative processes, the ministry drafts a bill, after which the implementing organisation concerned conducts an implementation test with regard to the bill. For the COVID-19 support measures, as mentioned above, the legislative process had to be significantly accelerated: there was no time to make major adjustments within the implementing organisations to enable the implementation of the desired bill. Implementation capacity and systems were therefore an important enabling condition in the short term that determined what was and was not possible in how the measures would be designed. For this reason, the UWV, the Netherlands Enterprise Agency and municipalities were involved in the creation of the measures from the very beginning. For example, it was decided to use SBI codes because the Netherlands Enterprise Agency had no other data available to make a proper distinction between the affected sectors. Such data were also indispensable because it was only through an automated system that financial support could be provided to affected companies in such a short time and on a large scale. For NOW as well, the feasibility for the UWV provided the framework for the measure. NOW is set up such that it is aligned with the UWV's existing data and systems. For Tozo, the plan was to automate the process by which the municipalities would check the applications. Eventually, however, the measure was set up so swiftly that municipalities had to review the applications manually. This, combined with the scale of the measure (from 20,000 applications for social assistance to 300,000 Tozo applications), meant that the feasibility of Tozo was compromised.

**The intention was that entrepreneurs should be able to easily apply for support.** The emphasis on the feasibility of the COVID-19 support measures went hand in hand with ensuring the comprehensibility of the measures for those for whom the measures were intended. The comprehensibility of the measures was also a focus area during the creation of the measures, according to the policy officers and legislative drafters. The application process had to be kept simple for an effective implementation as well as for ensuring quick disbursements. To this end, a subsidy scheme (or a gift, in the case of Tozo) was chosen as the legal instrument, to allow for rapid provisional disbursement.

**When the measures were created, it was accepted that some of the disbursements would be unlawful.** Due to the generic and simple design of the measures, it was accepted that misuse and improper use could not be entirely prevented. The aforementioned example of the use of the SBI codes to enhance the feasibility of TOGS and TVL also involved, according to one legislative drafter, the implicit assumption that everyone in a particular sector was affected. The UWV also indicates that, due to feasibility issues, there was less focus on whether NOW was susceptible to misuse. However, efforts were made to examine how, despite all the existing limitations, unlawful use of the measures could be prevented to the maximum extent possible. Prior to the launch of the measures, the Minister made a moral appeal to potential applicants to avoid applying if they did not really need to from a financial perspective. But the aforementioned choice of a subsidy scheme as a legal instrument was also intended to subsequently allow for a final and lawful settlement process, to thus detect and rectify any unlawful use afterwards.

**Swift introduction given priority over efficiency.** There was a relatively lesser focus on cost-effectiveness when creating the measures. This goes hand in hand with an acceptance of unlawful use. A clear political message was sent to policy and legislation: cost-effectiveness is less important as long as the maximum possible number of entrepreneurs receive quick financial support. In addition, the need to make the measures feasible led to a decrease in efficiency.

**However, the lawful spending of public funds also weighed heavily in the settlement and audit of the measures.** Just as for all other kinds of schemes, the ministries are audited by the Netherlands Court of Audit regarding the lawfulness of their spending of the COVID-19 support funds. It was clear from the outset that some of the funds would not be spent lawfully, due to the focus on effectiveness, speed and feasibility. This meant that there was a greater tolerance for errors than is normally the case. Nevertheless,

support schemes involve a large amount of taxpayers' money, and therefore lawfulness must always be kept in mind. In particular, lawfulness played an increasing role in the settlement and audit stages of the measures.

In conclusion, we see that, in the case of the COVID-19 support measures for the business community, the consideration of the legislative principles differs from that in regular legislative processes. Because of the acute circumstances and the need to act quickly, effectiveness and feasibility were given a very high priority. Comprehensibility was also an important consideration, since this contributed to a quick and easy implementation. At the same time, less emphasis was placed on other legislative principles such as efficiency and lawfulness, and there was less room for customisation and responsiveness.

### 4.1.2 Experiences with the legislative process

**The close collaboration between policy, legislation and implementation was seen as very positive by all parties concerned.** What is unique about the creation of the various COVID-19 support measures is that implementation and feasibility have been the key focus of their design from the outset. A more intensive internal consultation took the place of a public consultation because the latter was not possible within the very short time frame. The implementing organisation UWV was very closely involved in the design of NOW from the very beginning. The Strategy, Policy and Knowledge Centre (SBK, the strategic department within the UWV) was the sparring partner for policy, seated at the table with policymakers from the Ministry of Social Affairs and Employment. This resulted in intensive contact and short lines of communication between legislative drafters, policymakers and implementing organisations, much more so than in a 'normal' legislative process. The intensified cooperation has paid off handsomely, according to the parties concerned. In the case of TOGS and TVL, we see the same close cooperation between the Ministry of Economic Affairs and Climate Policy and the Netherlands Enterprise Agency, which was also perceived as positive. Policy officers and legislative drafters indicated that, although they also strive to achieve such a cooperation during regular legislative processes, the sense of crisis heightened the urgency of cooperation. Thanks to the close cooperation, the existing dilemmas were also more openly discussed between the various parties concerned in the area of policy and implementation and the social stakeholders, whereas normally more restraint appears to be exercised in this regard. This openness in the internal consultations seems to have increased the support for the measures among the parties concerned. The interviewees from ONL provided an illustration of the cooperation between policy and implementation via the following example: *"Officials from the Ministry of Social Affairs and Employment laid their concerns on the table, and everyone could openly discuss these. Before the coronavirus crisis, there was far greater restraint and officials were less transparent. When the Ministry, for example, wanted to communicate about Tozo, we said that no entrepreneur would understand this and that it was better to work with infographics."*

It is noteworthy that public consultations were not carried out at a later stage either, while that would have been possible at the time.

**Feasibility was the guiding principle in designing the measures.** The possibility of customisation in the implementation of NOW and TVL was limited due to limits on implementation. Implementing organisations were involved at a much earlier stage than is usually the case. Normally, the implementation test takes place later in the legislative process and does not always get the attention it deserves. Putting the focus on implementation was seen as positive by the Netherlands Enterprise Agency. The UWV, on the other hand, noted that this would be the wrong order of things in a 'normal situation' and that policy must remain the determining factor in a legislative process.

### 4.1.3 Efforts to increase workability for entrepreneurs

**In some situations, the focus on legislative principles went hand in hand with workability for entrepreneurs.** According to the interviewees in the areas of policy, legislation and implementation, the application process could be made simple, quick and accessible partly because, when it was being designed, the focus was on making it an automated process. In this case, the choice of feasible measures also made it possible to increase the level of workability for entrepreneurs. Speed of disbursement is another example where a decisive legislative principle (effectiveness) is accompanied by greater workability for entrepreneurs. After all, to quickly get entrepreneurs from application to disbursement, the application process had to be comprehensible and suitable for entrepreneurs. For TOGS and TVL, this meant that entrepreneurs were only required to make declarations (via 'a tick') rather than provide evidence; for NOW, the basic principle was that the applicants should have to provide as little data as possible themselves.

**Certainly in the initial stage, workability seems to have been secondary to speed and feasibility.** While feasibility and effectiveness were well aligned with enhancing workability for entrepreneurs in some cases, there were also cases where workability for entrepreneurs was actually compromised because of the same legislative principles. For example, for TOGS and TVL, SBI codes were chosen because of feasibility, even though it was known that this would not be properly aligned with the actual activities of the entrepreneurs. In the case of NOW as well, policy officers of the Ministry of Social Affairs and Employment indicate that it was foreseen in advance that there would sometimes be a mismatch with actual practices (such as employers with seasonal work), but that there was too little time to customise the scheme.

### 4.1.4 Efforts to reduce the regulatory burden

**Policymakers and implementers have tried to reduce the regulatory burden in various ways.** Interviewees in the areas of policy, legislation and implementation indicate that attention has been paid in each case to ensuring that the communication is as prompt, clear and complete as possible. Moreover, this was in their own interest: the clearer the communication, the fewer questions and objections there would be, and as a result, the scheme would be more feasible. Examples of this are:

- ▶ setting up the website [www.krijgjetozo.nl](http://www.krijgjetozo.nl);
- ▶ setting up a helpline that employers could call with questions about NOW;
- ▶ Insight into TVL 'production figures' on the Netherlands Enterprise Agency website.

In addition, the public sharing of dilemmas contributes to political and social transparency, as a result of which the familiarisation costs are perceived as lower. However, communications were sometimes hampered by external factors, such as schemes that were changed at the last minute or interim changes to TVL that first required approval from the European Commission and therefore could only be announced at the last minute. Finally, for TOGS and TVL, an automated system has contributed to a simple application process and therefore reduced compliance costs for entrepreneurs. In this regard, the Netherlands Enterprise Agency has indicated that it always goes through the application forms in advance with some entrepreneurs and adjusts them to make the application process as simple as possible.

**Over the course of the measures, it proved increasingly difficult to keep the regulatory burden low.** Compliance costs were intentionally kept low in the application, processing and assessment stages, and an attempt was made to limit the regulatory burden of entrepreneurs via practicable schemes. This relates to the initial objective of providing quick and effective support to entrepreneurs. Automation and use of existing data allowed for much of the regulatory burden to be placed on the government rather than on entrepreneurs. In the audit and final settlement stage of the measures, reducing the regulatory burden



seems to have played a lesser role. However, when designing the measures, options for a subsequent audit of the application process were built into the measures right from the start. But it was not exactly clear in advance what this would look like in practice. One of the implementing organisations put it as follows: *“At the beginning, we did not think at all about the end of the process [...] that’s where the misery begins for employers.”* Incidentally, there was greater scope for customisation in the case of large companies, but the volumes within SMEs made this more difficult.

Another important reason why it proved difficult to keep the regulatory burden low over the long term is that, as time went on, there was a growing political need to guarantee the lawfulness of the disbursements. There was an increasingly strong call from society to rule out misuse, and high margins of error were no longer accepted. Therefore, a lawfulness test was introduced by auditors as part of the audit and settlement process. Also, the very generic measures sometimes proved difficult to explain in practice. The principle of equality began to play an increasingly important role, in the sense that more ‘unequal cases’ were identified, with strong demands from politicians to make exceptions for certain sectors or situations. However, exceptions require detailed regulations that are less easily enforceable. Political wishes such as the desire to introduce a training obligation and a ban on dismissals or bonus payments also made the schemes more complicated.

#### 4.1.5 Government responsiveness

Responsiveness means learning from practical experiences and adjusting policies as needed. With regard to the COVID-19 support measures, two situations can be distinguished that called for responsiveness. Firstly, adjustments were needed based on practical experiences and complaints from the business community. Secondly, a capacity to adapt also proved necessary as a result of political desires that deviated from the original design of the measure.

**The measures had to be regularly adjusted along the way because of problems encountered in practice.** This was due to the swift creation of the measures and the accompanying lack of due care and customisation. Policy officers and implementers of the measures indicated that adjustments were regularly needed based on feedback from real-life scenarios. An example of this is the reference year chosen for determining turnover for TOGS and TVL. As a result, the scheme had to be modified several times. The different tranches of the measures provided the scope to make more significant changes.

**From the political side as well, there was a gradual need to design the schemes with a greater focus on lawfulness and efficiency.** While certain changes have been made to incorporate more controls, there are indications from the perspective of legislation, policy and implementation that in many cases this was not possible and/or desirable. Since these were robust measures built based on existing systems, feasibility remained an obstacle even if adjustments were made after the initial crisis phase. In addition, comprehensibility for entrepreneurs has remained an important principle, while changes are usually accompanied with a degree of unpredictability and lack of understanding.

**The limited focus on responsiveness in the creation of the ‘initial measures’ also hampered the adaptive capacity in the subsequent phases.** According to the UWV, it was not practically possible to remedy all the teething problems of NOW along the way. Also, people at first still thought that the coronavirus crisis was a temporary (short-term) problem. For TVL, a follow-up measure to TOGS, the situation was different. As indicated by the Netherlands Enterprise Agency, TVL is a measure that is capable of evolving over time, if necessary. There are a number of parameters that can be tweaked, and the fact that the coronavirus crisis could last longer has been taken into account.

## 4.2 Experiences of entrepreneurs with respect to the workability of the measures

The workability of the measures refers to the extent to which entrepreneurs were able to independently understand and apply the measures they were using, including how these measures fitted in with their existing systems, working methods and everyday practice.

**Workability perceived to be relatively good at the start.** Many of the entrepreneurs who participated in the interviews and focus groups were positive about the workability in the initial stage of each of the schemes. According to the participants, the application, assessment and disbursement process of the scheme was *“transparent”*, *“very smooth”* and *“fast”*. The data to be supplied were in the possession of the participants, and the flexibility of the application, assessment and disbursement process was well aligned with the acute needs sometimes experienced by the entrepreneurs. Many were *“very positively surprised”* by the speed with which they were able to apply for and receive the money, whether it was via Tozo, TVL or NOW. Notable in this regard were the concrete examples given by entrepreneurs of services and outreach facilities that increased the level of workability for them. For example, entrepreneurs noted, based on their experiences, that the implementation of Tozo worked very well at the local level, in part because they were actively approached by their municipality. The *“constructive cooperation”* demonstrated by an implementing organisation was also appreciated. For example, one entrepreneur states that the Netherlands Enterprise Agency was *“understanding”* and cooperative when it turned out that the TVL application was based on monthly returns, while her company always works with an annual supplementary return. This eventually resulted in a workable solution for the entrepreneur.

**Generic approach limits workability for specific target groups.** However, there are areas of concern for specific target groups. In general, several entrepreneurs indicated that more sector-specific attention and customisation would have been desirable. At the same time, most entrepreneurs noted that there was considerable understanding and sympathy for the fact that customisation was simply not possible due to the speed with which the support measures had to be created. One participant further mentioned that, in the hairdressing sector, the NOW disbursement always came just in time to keep their heads above water. According to her, this also led to doubts among other members of the sector about whether or not they should also try to find a different means of financing. Finally, several participants commented that the readability of the information provided could be improved: it was said that, for both TOGS/TVL and NOW, there was insufficient communication at the B1/C1 level of language proficiency, which would limit comprehensibility especially for semi-literate persons and for people for whom Dutch is not their first language. One entrepreneur we spoke to had also helped several fellow entrepreneurs with the application for this reason.

**Perceived workability fluctuates and decreases at the time of the settlement of the schemes.** The entrepreneurs we spoke to felt that there was a great contrast in the workability of the schemes at the application stage compared to that at the settlement stage. In the final stage of both TVL and NOW, perceived workability was noticeably lower than at the beginning. This may be partly a reflection of when the interviews and focus groups with entrepreneurs were conducted, i.e. at a time when many of them had just completed or were in the process of completing the settlement. As a result, memories of their experiences with the settlement process may have been more recent than those from the application period, which required them to look back over a longer period of time.

Nonetheless, the examples and explanations given by participants indicate that the settlement involved specific bottlenecks, for example, related to the timing of settlements. For NOW, the final settlements will

take place in 2022. One of the participants says, *“That’s too late. All that money is included this financial year but will only be settled next year. So you’re stuck with provisional figures in your financial statements, and you don’t want that.”* Moreover, counting the TVL amount as turnover in the settlement of NOW is seen by some as inconsistent with actual practice: *“You’re getting that compensation because you have a problem. So that’s not part of your turnover.”* This means that, if an employee subsequently leaves the company and gets all their holiday pay paid out, this is taken into account as a full salary, when in reality the person is no longer employed. Furthermore, certain concepts were introduced for the accounting that proved difficult or impossible for auditors to verify. Finally, another important point regarding the fluctuation in the perceived workability is that it was not always clear in advance how the scheme fitted in with the entrepreneur’s particular situation. According to a participant, it turned out, especially in retrospect, that a large part of the schemes, such as in the case of TVL, did not actually apply to the hairdressing sector, since the loss of turnover in that sector remained below the defined limit. But in practice, it was not possible to estimate this properly in advance.

**Stacking of schemes limits the perceived workability.** The lower workability of schemes in the settlement stage also appears to be partly related to the extent to which multiple schemes are used simultaneously. This includes the stacking of national schemes such as NOW and TOGS/TVL as well as the combination with other regional or local schemes of provinces and municipalities. The different definitions of turnover and filing dates for the settlement of TVL and NOW are illustrative of this problem. As experienced by some participants, this leads to a circular reasoning: each of the organisations involved only looks at its own scheme, but if you submit applications to both organisations, it may be that everything has to be signed off at the same time because the settlement of one scheme depends on the settlement of the other. This would essentially result in an unworkable situation that, according to one of the entrepreneurs, proved difficult to fathom even for her auditor. Also, when the scheme relates to different organisational levels, this reduces the comprehensibility of the scheme and therefore makes it less practicable. For example, it was not clear to several entrepreneurs that one scheme would be settled at the tax entity level and the other at the corporate level, nor did they understand the reasons for this. While one private limited company suffers much greater losses than another, large amounts now need to be paid back across the board.

### 4.3 Experiences of entrepreneurs with respect to the regulatory burden of the measures

In this study, regulatory burden refers to how entrepreneurs perceive the investments and efforts they must make to comply with the provisions of the COVID-19 support measures for the business community. This includes both familiarisation costs and compliance costs. Familiarisation costs refer to the effort required to learn about the conditions of the schemes. Compliance costs are the costs of complying with those conditions. In this section, we discuss how entrepreneurs who participated in the interviews and focus groups perceived the above manifestations of the regulatory burden.

**Fairly low regulatory burden in the application phase.** Virtually all of the entrepreneurs we spoke to felt that the provision of information regarding NOW and TOGS/TVL was initially clear. According to them, the process of discovering that schemes were available and how to apply for these proceeded quite smoothly, and they did not have to make much effort to find relevant information about the scheme. In case of NOW, participants appreciated the FAQ page that provided a lot of information. For both NOW and TVL, the organisations involved were easily accessible by phone, according to the participants. As far as

the interviewees were concerned, they had little need for support, but if they did, they said that they received this help quickly and easily. And the compliance costs of the various regulations were also initially low, according to participants. When applying for NOW, TOGS/TVL and Tozo, not much needed to be filled in and few supporting documents had to be uploaded. Furthermore, the perceived regulatory burden was also low in the further processing and assessment stage and during the disbursement. Additional information was rarely found to be necessary by these entrepreneurs. As one of the entrepreneurs put it, it was *"a piece of cake"*.

Following from the earlier observation from participants that there was insufficient communication about the schemes at the B1/C1 level of language proficiency, it is plausible that the familiarisation costs would have been higher for some of the entrepreneurs, as a result of which they either did not apply for the schemes or needed a lot of support during the application process as well as afterwards. Furthermore, some entrepreneurs remarked that the application process for TVL was a lot more transparent than that for NOW 1, although the participants understood why this was the case; after all, TVL was only introduced after NOW, and therefore, as they saw it, there was more time to organise the provision of information. They were also positive about Tozo, although they saw room for improvement in the provision of information in that scheme as well. For example, Tozo did not have an FAQ page, and participants felt that the lack of this was felt. In addition, whether and how much information was available on the municipal website for entrepreneurs varied from municipality to municipality. However, the overall picture is that entrepreneurs experienced relatively low regulatory burdens in the form of familiarisation costs during the initial phase of the support measures.

**Compliance costs relating to the application phase increase over time but are not perceived as problematic.** Additional requirements were continually introduced between the different tranches of schemes. Initially, little information was requested from the entrepreneurs, and the schemes worked primarily with data from the Dutch Tax and Customs Administration, but over time, more and more documentary evidence was requested. Participants saw this mainly as a way for the government to counteract the risk of misuse, and many of them did not see the increased compliance costs associated with the application as problematic.

**At the time of audit and settlement, the familiarisation costs unexpectedly appeared to be higher than expected.** Looking back, several entrepreneurs remarked that it only became clear during the audit and settlement process that they had nevertheless missed or misunderstood important aspects of the scheme. For example, it was not clear to everyone that Tozo required a monthly statement rather than an annual statement. In the case of NOW, it was complicated to understand what did and did not count as 'turnover', despite a lot of additional information provided by sector organisations. As a result, for some entrepreneurs, it did not become apparent until later that subsidies also counted as turnover, and therefore they had mistakenly reported a wrong loss of turnover figure on the application. Moreover, even auditors were not always well informed about the exact details of schemes such as NOW and TVL, and the audit protocols for TVL, for example, were not ready in time. This created a lot of work and increased the perceived regulatory burden.

**Compliance costs also increase sharply during audit and settlement.** Partly because the familiarisation costs *seemed* low at the application stage but turned out to be higher once the settlement came into the picture, the compliance costs relating to the settlement process are also perceived as higher. The experience of one of the participants illustrates this: *"Because of the need to be quick, we submitted applications for each of the private limited companies, but now a correction is being made because everything must be done via a joint application for all the companies. So we are saddled with a lot more work. We wouldn't have had that if we had known in advance that it had to be for all the companies together."* While participants

understood the importance of speed in the initial stage and the associated risk of incompleteness, they also expressed a desire for more “*nuance*” and “*customisation*” in the settlement process with consideration for the specific situation of the sector in question. One entrepreneur indicated that he wanted to pay back the received financial support to the government because it appeared that he did not actually need it anymore. But finding information on exactly how this could be done proved almost impossible.

Several parties also indicate that, at least in the case of NOW, there were opportunities to minimise the compliance costs of audit and settlement, but these opportunities have not been utilised. Random checks, increasing the threshold amounts or using third-party declarations could have provided an alternative, although that would have left more room for misuse. *“The burden of proof requirements were watered down in the final scheme but nonetheless resulted in substantial regulatory burdens (and costs). This was also because the subsidy scheme had been selected as the chosen instrument, while by nature it was not quite suitable as a government support measure.”*

**Stacking of schemes requires coordination in design and implementation.** Earlier, we found that the perceived workability of the measures decreased further among entrepreneurs who applied for more than one COVID-19 support measure. Following from this, the combined familiarisation and compliance costs also increased significantly, particularly at the time of audit and settlement. The periods covered by the schemes were found to differ from one another, requiring separate calculations for each. This was true not only for national schemes such as NOW and TVL, but also for the combination of these schemes with decentralised schemes such as those offered by the municipalities. For example, even if the periods differed by only one month, all the work still needed to be redone by the auditor. This involved a lot of time and investigative efforts as well as extra financial burdens, all of which cancelled out a part (estimated at 20-30%) of the compensation received via the schemes. Consequently, this increased the perceived regulatory burden for entrepreneurs. The use of different definitions of ‘turnover’ under NOW and TOGS/TVL also led to confusion, resulting in additional regulatory burdens for entrepreneurs who took advantage of both measures and had to come up with supporting documents and further information for the settlement.

Therefore, several participants suggested that better coordination between the schemes would have been desirable, including a prior alignment of definitions of key terms such as ‘turnover’ and the periods covered by the schemes. In terms of implementation, entrepreneurs would have liked to have a central point of contact at the national level they could contact for questions about all the schemes and the effect of combined schemes. Ideally, this point of contact should be the only entity that consistently communicates with entrepreneurs, rather than using different communication channels and media (letter, mail, phone), as is currently the practice. A central point of contact was seen as particularly beneficial for auditors and bookkeepers, so that they can in turn inform the various entrepreneurs with whom they work. It was also suggested by a number of entrepreneurs that perhaps auditors and bookkeepers could be assigned a more official role by the government with respect to the provision of information.

In addition, a more uniform approach to the design of the schemes was also desirable. Entrepreneurs indicated that the way in which the ministry or implementing organisation contacted the entrepreneurs varied for each scheme. In the case of Tozo, this was done directly via a working group, while for the schemes from the Ministry of Economic Affairs and Climate Policy, much more lobbying was required by the sector associations and ONL.

### 4.3.1 Proportionality, benefits and psychological costs as well as the outcome of the schemes

In the analysis framework in Chapter 2, we indicated that, when it comes to the *perceived* regulatory burden, it is not only the familiarisation costs and compliance costs that count; to interpret this properly, we must also look at how users perceive the proportionality, benefits and psychological costs of laws and regulations. The interviews and focus groups with entrepreneurs also offer some interesting observations in this regard.

**Proportionality and benefits are viewed positively overall.** Although the perceived workability and regulatory burden for entrepreneurs seem to shift between the application (high workability, low regulatory burden) and settlement stages (relatively lower workability, higher regulatory burden), on the whole, entrepreneurs are positive about the level of the regulatory burden. All things considered, the scheme is highly beneficial, and they accept that, for the sake of speed, certain choices had to be made at the outset that increased the regulatory burden in the later stages. *“When you get it off the ground that fast, things are bound to go wrong.”* The entrepreneurs explicitly expressed their sincere appreciation for the fact that several support measures were offered: *“Hats off to the fact that all the schemes were put in place so quickly; that has meant a lot to many companies. Compared to other countries, we have been really lucky in the Netherlands.”* Therefore, the points for improvement put forward by them and the situations in which they have experienced higher regulatory burdens must always be viewed against this background.

Opinions were also generally positive about the proportionality aspect, with the low regulatory burden at the time of applying for the schemes being a positive highlight. The main doubts regarding proportionality were in relation to the financial costs and burden of proof required for the audit: these were sometimes so high that, according to one entrepreneur, it was no longer in the right proportion to the amount originally received and was too much of a drain on the company's resources. On the other hand, even entrepreneurs who felt that they had received too little compensation say they would have been happy to shoulder the regulatory burden: *“In the end, the compensation is more important [than the regulatory burden].”*

**Despite the appreciation for the support measures, these also placed a psychological burden on entrepreneurs.** In various ways, the interviews and focus groups indicated the psychological costs for entrepreneurs who used the COVID-19 support measures. For example, the participants mentioned the stress they had experienced because of the lack of clarity about whether or not certain schemes are applicable to their specific sector, about the definitions and threshold amounts for turnover, about whether or not subsidies and secondary income are taken into account and about the settlement within the group structure of the companies. According to some entrepreneurs, even auditors were inconvenienced, because they charged these companies in distress increasingly high fees for efforts spent in investigating the rules, on account of the audit ambiguities relating to the audit.

Ambiguities and lack of understanding about *why* certain changes are made in the schemes also add to the psychological burden of the measures. The latter particularly came to the fore in relation to Tozo, where several entrepreneurs indicated that they perceived the addition of the partner income test as a form of discrimination or at least as something that impinges on their personal dignity and independence: *“I could therefore no longer apply [for Tozo]; I suddenly became dependent on my husband again. If you don't have a partner, you don't have this problem. I think that's discriminatory, because it's your own business and you have your own documents and your own costs that you incur as an independent person [...] In my circle, it*

*mainly affected women who were self-employed persons without employees. As women, it felt like we had been pushed back to the '50s because of this."*

Another participant reported that his girlfriend had quit her job to come and help in the company. Since he had employed her under a contract when the company was allowed to reopen, he immediately became ineligible for Tozo: *"That really affects your dignity. You're going all out for your business, you're doing everything for it."* In line with these experiences, the fact that Tozo was automatically divided between both partners (and subsequently deducted from the wage tax) raised many questions: the precise reason for this appeared to be largely unclear. All in all, according to these participants, the partner income test sent an undesirable signal about the position of women in the labour market. The VNO-NCW also indicated that it had received feedback that the ambiguities surrounding the partner income test were perceived as burdensome.

Finally, the sense of dependence on government organisations seems to have brought with it certain psychological costs. For example, some entrepreneurs felt stressed because they were dependent on SBI codes that had been assigned by the Chamber of Commerce but that in practice were not or no longer properly aligned with the actual activities of the company. The fact that there is no possibility to appeal a decision was also perceived as a source of stress: *"You're at the mercy of the government."*

#### **Efforts from the government to reduce regulatory burdens helped reduce the psychological costs.**

The interviews and focus groups also reveal examples of how concrete efforts from the government to reduce regulatory burdens have helped minimise psychological costs and therefore the perceived regulatory burden. For example, in relation to Tozo, the coaching and highly proactive services provided by the municipalities involved were mentioned more than once. Almost all participants also endorsed the high level of customer friendliness and understanding of the entrepreneur's situation, illustrated partly by the fact that the municipality itself called them back, actively contributed ideas and checked to see how they were getting along with the application. The *'listening ear'* offered by the Netherlands Enterprise Agency to one of the entrepreneurs was also appreciated and helped avoid further stress. Another entrepreneur adds that, if the government is responsive and adaptive, a lot of stress can be avoided: *"I understand that they had to do 'something', and the logic of working with SBI codes is also understandable, but the problem is that the feedback from the entrepreneurs is not taken into account. Do something with those complaints. Be responsive and try to adjust things."*

#### **The regulatory burden of the support measures and trust in the government appear to influence one another.**

In the study, several entrepreneurs and representatives of entrepreneurs made a direct connection between the COVID-19 support measures for the business community and the Dutch childcare benefits scandal, which culminated in the resignation of the Rutte-III government just before the coronavirus crisis began and seriously damaged citizens' trust in the government and politics. For example, it is observed that *"just as in the case of the childcare benefits scandal"*, the growing political pressure to rule out the misuse and improper use of schemes is leading to an increased regulatory burden. There are also some participants who say that they or their fellow entrepreneurs have avoided applying or reapplying for new tranches of Tozo because of a fear of unexpectedly having to repay large sums of money afterwards. For example, one entrepreneur says the following in this regard, *"The fear of repayment is also because of the childcare benefits scandal. And the concerns in society, about Tozo and what had to be repaid for it, were not put to rest by the government either."* Therefore, a lack of confidence in the government and anticipation of high or excessively high familiarisation and compliance costs (regulatory burden) prevented some entrepreneurs from applying or reapplying for Tozo. On the other hand, the entrepreneurs in our study, who made use of support under NOW and TVL, indicated explicitly that they did not mistrust the government. In fact, for NOW, it was noted that the way in which entrepreneurs were approached and the

speed with which the scheme was set up actually created trust in the government: *"It really gave me the feeling that we have not been let down by the government. I immediately got the feeling, 'we're going to help you out.'"*

## 4.4 Role of the legislative process and principles in relation to workability and regulatory burdens

In this section, we explain how the relationship between the legislative principles has shifted over time and how this has affected the workability and regulatory burden experienced by entrepreneurs in SMEs. Prior to conducting the study, we had formulated expectations about a shift in emphasis in the legislative principles, where there has been a greater focus on effectiveness at the expense of other principles. We also identified possible areas of tension between different legislative principles as well as between legislative principles and regulatory burdens.

In our study, in line with expectations, we see a clear shift in the legislative principles applied over time, both during a scheme (from application to audit) and in successive schemes. We observed, especially in the early stages of the coronavirus crisis, a shift from efficiency, due care, comprehensibility, responsiveness and lawfulness to effectiveness and workability. Discussions with policymakers revealed that limits on the implementation capacity and feasibility were the determining factors in the design of the rules. As a result, opportunities for customisation were limited. For example, it was only possible to process large volumes of applications if most of the processing could be done automatically based on data already known to the government.

As the crisis progressed, the political dynamics changed. The House of Representatives once again placed the emphasis on control and efficiency. Once again, more value was attached to responsiveness and equality, in the sense that there was greater discussion about exceptions and the lower extent of alignment with certain groups. In that sense, there is a clear tension between, on the one hand, efficiency for the greater good, and on the other, customisation, responsiveness and equivalence.

So what has been the impact on the regulatory burden? This study shows that simplicity and speed in the design of the COVID-19 support measures has greatly contributed to reducing the perceived regulatory burden (in the form of compliance costs) for entrepreneurs during the application process and disbursement. While drawing up legislation, an explicit choice was made to let go of supervision and control as far as possible in order to limit the regulatory burden during the implementation and for entrepreneurs. In practice, this has led to a simple and fast application process for the support measures, resulting in a lower regulatory burden and higher level of workability at the application stage as perceived by entrepreneurs.

Most of the entrepreneurs we spoke to indicated that they were pleasantly surprised by the speed and simplicity with which one could make use of the support. In some cases, they even seemed to indicate that the application and disbursement processes were remarkably easy and fast, especially compared to previous experiences with the government. Moreover, the simplicity in the implementation (assessment) went hand in hand with simplicity for the entrepreneur (application).



The emphasis on effectiveness in the initial stage of the implementation of the measures came at the expense of due care. This was a deliberate choice, although it has led to inconsistencies and a lack of suitability. At the same time, these inconsistencies do not seem to have affected the perceived workability for entrepreneurs but rather the perceived fairness of the measures. Due to lack of due care, certain groups that actually needed the support were initially considered ineligible for the measures. The use of SBI codes is an example where the choice to prioritise efficiency over due care resulted in a lower degree of perceived workability. Often, companies are assigned an SBI code by the Chamber of Commerce when they are established, which, due to changes in their activities, is now outdated or registered incorrectly. In such cases, the allocation system used was not aligned with the actual business practices of entrepreneurs.

The study shows that comprehensibility and effectiveness were not at odds with one another, but the focus was instead on both comprehensibility and effectiveness. Those involved in policy, legislation and especially implementation have done a lot to improve communication and transparency regarding the measures. Entrepreneurs also indicate that they are satisfied with the information provided by the government in the initial stage of the schemes. Based on this information, they knew what measures were in place and what kind of support could be obtained. However, a number of areas for improvement were mentioned. For NOW, interviewees were able to find a lot of information on the FAQ page and mentioned that the organisations were easily accessible by phone. However, there was no such FAQ page for Tozo, and this was something that was missed, according to the participants. At the national level, participants felt that some sort of 'general point of contact' that people could approach with their questions would have been desirable. This is despite, or precisely because of, the strong emphasis on efficiency. It is true, however, that a lack of comprehensibility for entrepreneurs was indeed accompanied by a lower extent of perceived feasibility. A point for improvement indicated by interviewees from ONL was that the process should be more transparent, and it should be indicated, with reasons, why something cannot be done. This makes it easy for intermediaries like them to provide an explanation to entrepreneurs.

With changes in the support measures and new versions of the measures, there was gradually a shift from effectiveness *back to* efficiency and lawfulness. Looking back on these changes, entrepreneurs indicate that this actually increased the regulatory burden for them again, for example, in connection with the audit opinion (lawfulness) and repayment (efficiency). In these cases, the perceived proportionality of the effort also moves in the opposite direction: where entrepreneurs initially mentioned the ease of use and speed of the measures, they now speak of unnecessary extra efforts and disproportionate costs for smaller companies.

As the crisis progressed, the principle of due care became more important and rules were adjusted. As a result, entrepreneurs felt that the COVID-19 support measures involved a greater regulatory burden and were less practicable. Also, the fact that measures were not properly coordinated with one another – due to the speed and the accepted or other lack of due care in setting up the measures – increased the regulatory burden experienced by the entrepreneurs. The perceived regulatory burden is not 'per scheme' but represents the entire regulatory burden arising from all the schemes used by the user (the entrepreneur). The study shows once again that combining or stacking schemes can increase, sometimes to a very great extent, the regulatory and financial-administrative burden if they are not properly coordinated and contain 'illogical' choices and inconsistent definitions and deadlines for the user.

## / 5 Conclusions and reflections

This main question this study focused on was:

How was the workability and regulatory burden of the COVID-19 support measures perceived by entrepreneurs in SMEs, what is the role of the legislative process and the legislative principles applied therein and what lessons can be drawn for more flexible, less burdensome and more responsive laws and regulations?

To answer this question, we started from the following subquestions:

1. *What business-oriented measures have been taken to mitigate the adverse economic effects of the COVID-19 crisis?*
2. *What legislative principles do policymakers and legislative drafters believe were decisive in the creation of the COVID-19 support measures?*
3. *What experiences have been gained during the legislative process of the COVID-19 support measures, in relation to a more practicable and less burdensome implementation of the measures?*
4. *How do entrepreneurs in SMEs perceive the workability and regulatory burden of these measures?*
5. *How do the legislative process and the legislative principles applied therein, including any interim changes, affect the workability and regulatory burden experienced by entrepreneurs in SMEs?*
6. *What lessons does the study offer for the design of laws and regulations that have a higher level of workability and lower regulatory burden?*

To answer these questions, we first conducted a literature and document review. Subsequently, the expectations that emerged from this review were explored in more detail via interviews and focus groups. The aim of the qualitative study was to gather different perspectives and experiences. Moreover, the qualitative design of the study allowed us to illustrate the changes in perceived workability and regulatory burden at different stages of the measures (from application to retrospective assessment) as well as the changes between different tranches of measures. Obviously, a qualitative study based on interviews with a limited number of entrepreneurs cannot provide a representative picture. The study focuses on exploring the relationships between legislative principles and the regulatory burden, with a view to drawing possible lessons. It is not possible to generalise the findings. However, the findings were validated through discussions with a focus group.

In this chapter, we answer the first five subquestions and the main question. Lessons for future legislative processes are discussed in the next chapter.

**Subquestion 1** | *What business-oriented measures have been taken to mitigate the adverse economic effects of the COVID-19 crisis?*

Both at the Ministry of Social Affairs and Employment and at the UWV, a sudden sharp increase in applications for the Wtv scheme was observed from as early as February 2020, one month before the Netherlands took the initial public health measures to contain the pandemic. The economic consequences of the pandemic, like the virus itself, were therefore already present below the surface in the Netherlands. From then on, preparations were made for setting up the NOW scheme, which was followed soon after by the other major support measures. In this study, we have examined the NOW, TOGS, TVL, Tozo and TOFA schemes.

**Subquestion 2** | *What legislative principles were decisive in the creation of the COVID-19 support measures?*

**Speed and feasibility were the key legislative principles in the introduction of the support measures** and were given very high priority. Keeping businesses and jobs afloat was the top priority in setting up the COVID-19 support measures, a view that is also confirmed in the literature and in the various interviews we conducted with those directly involved. In addition, we see that comprehensibility of the measure and simplicity of application were also important considerations. Efficiency and lawfulness were less important in the early days, but these aspects gradually gained more weight. As the crisis continued, another shift in legislative principles occurred towards greater efficiency and lawfulness.

**Subquestion 3** | *What experiences have been gained during the legislative process of the COVID-19 support measures?*

**Feasibility was the guiding principle in the design of the support measures.** Feasibility was the bottleneck: because a rapid adjustment of the implementation frameworks was simply not possible, the feasibility requirement created strict frameworks in terms of what was and was not possible in terms of the design of the support measures. Under normal circumstances, new legislation should always be guided by policy, but the fact that there was a broader focus on the feasibility of legislation was appreciated. Those involved in the legislative process are also very positive about the effectiveness of the measures and the speed with which advance payments were disbursed in the first wave of the pandemic.

**Subquestion 4** | *How do entrepreneurs in SMEs perceive the workability and regulatory burden of the support measures?*

**The focus on effectiveness and feasibility initially resulted in adequately practicable rules for the majority of entrepreneurs and a lower regulatory burden for entrepreneurs.** Entrepreneurs who fitted within the standard frameworks (and according to industry organisations, this seems to have been the majority of the entrepreneurs) were able to make use of the simple application procedures and receive their advances without delay. The entrepreneurs we spoke to also felt that the regulatory burden was, on the whole, proportionate. However, the generic approach reduced the workability for entrepreneurs in specific sectors and target groups, such as those with fluctuating turnovers due to seasonal work (compare Goudriaan, 2021; Kokx, 2021; National Ombudsman, 2021). This had been anticipated by policymakers in advance and recognised as being partly unavoidable due to limitations in the available data and implementation capacity that could not be overcome in the short term. Entrepreneurs indicated that, when they applied for NOW, the exact details of this (e.g. how the reference turnover was to be determined) were not immediately clear to them. The lower workability for semi-literate persons and those with Dutch as a second language was also avoidable; according to the entrepreneurs we spoke to, this aspect had not been addressed sufficiently by the government.

**Stacking of schemes is a major source of regulatory burdens.** The regulatory burden does not relate to a single scheme but rather arises from the dynamics of the regulatory burden within a scheme and the combination of various schemes (cf. Herd & Moynihan 2019). The application process and disbursement of the advances were easy to access and simple, but the final settlement and audit process was such that the regulatory burden nevertheless became quite high. As the National Ombudsman (2021) points out, the limited customisation in the audit and settlement stage of the measures is an area of concern. We also see that, with the introduction of new tranches of the various schemes, the schemes were adjusted and made more stringent each time. This had negative effects on the perceived and actual regulatory burden and workability. Moreover, this led to additional criteria each time, which will also need to be checked subsequently. These kinds of adjustments over time are the result of progressive insights, but they have also arisen because, over time, there was a stronger call from politicians for an efficient spending of

resources and a review of lawfulness. The easily accessible nature of the support measures brought with it a high risk of fraud, and this call seems to have been primarily intended as a mitigating measure (compare Levi & Smith, 2020). The net result is a significantly increasing regulatory burden as the schemes and the pandemic progress.

**The fact that there was quick and strong support for entrepreneurs from the government was viewed by the entrepreneurs we spoke to as an acknowledgement of their problems.** Regulatory burdens have a psychological component and affect trust in the government (Bartik et al., 2021; Herd & Moynihan, 2019). The proactive attitude of municipalities and other parties in actively assisting entrepreneurs seems to have increased trust in the government. On the other hand, certain components of the rules were perceived as discriminatory, in particular the partner income test (National Ombudsman 2021). Although this condition was added to Tozo for a reason, it was not always perceived as fair. Furthermore, the distinction between essential and non-essential services was perceived as problematic by some people. And the uncertainty about whether the received financial support would have to be paid back later was fuelled by the Dutch childcare benefits scandal, which has damaged confidence in the government. Finally, while it was accepted at the start of the crisis that rules have a generic effect, as the crisis progressed, the expectation grew that greater customisation could and should be offered. A lack of responsiveness at the beginning of the crisis was seen to be only natural, but it seems that when this lack of responsiveness continued for longer, the generic measures created greater psychological costs.

**An interim increase in rules and controls seems to lead to a higher perceived regulatory burden than that known at the start.** The entrepreneurs who participated in the study understand that the support measures bring about certain compliance costs for them. In other words, the study confirms the findings of previous studies that suggest that the rules in themselves are not necessarily perceived as a burden. The entrepreneurs in question largely perceive the regulatory burden as proportionate and are generally appreciative of the support received. However, they were surprised by the increasing regulatory burden in connection with the accountability and settlement process. Apparently, it makes a difference whether or not entrepreneurs are aware in advance that the schemes might change. They were unable to anticipate this, which shows that the consultation stage was sorely missed.

**Subquestion 5 |** *How do the legislative process and legislative principles affect the workability and regulatory burden experienced by entrepreneurs in SMEs?*

**Reducing the regulatory burden does not seem to have been the explicit objective while designing the measures but is rather an incidental outcome of the focus on effectiveness and feasibility.** A review of lawfulness is bound to result in some degree of regulatory burden. Nonetheless, both an earlier study by Herd and Moynihan (2019) as well as the present study point to several untapped opportunities to minimise – even with a greater emphasis on audits – the regulatory burden for entrepreneurs. These include measures such as creating a central point of contact for multiple schemes, focusing more on the proportionality of the controls, proactively providing services (outreach) that are also offered in the final stage of the scheme and in general trying to achieve a better alignment with actual business practices.

**With the shift in focus from speed and effectiveness to greater efficiency and lawfulness, there was also an increasing focus on preventing the misuse and improper use of the measures.** The entrepreneurs we spoke to recognise this shift in government priorities. Whereas they were initially very positively surprised by the speed with which the applications were granted and the advance paid out, the regulatory burden was greater for them during the rest of the process. From the perspective of the legislative process as well, we see that, although the schemes were initially set up to be lean and mean, gradually more and more time was spent on the further design of the schemes. If one were to add up the

total amount of time spent, it is approximately the same amount of time as for a regular legislative process, as indicated by the legislative drafters and policymakers involved in this study.

**Political and social burdens have led to additional conditions for the schemes and therefore a higher regulatory burden for entrepreneurs.** The House of Representatives has played a significant role in this respect. It is also notable that a sense of perceived fairness was an important reason for introducing additional conditions. For example, the ban on paying bonuses as a condition for obtaining support under NOW was added to the scheme as a condition pursuant to a House of Representatives motion. Another example is the introduction of the partner income test to Tozo. Since these new conditions also need to be checked, this has led to an increased regulatory burden for entrepreneurs.

#### **Final remarks**

In designing the COVID-19 support measures, there has been a shift in the legislative principles, which has had an impact on the regulatory burden and workability experienced by entrepreneurs. Whereas a balance is normally sought between the legislative principles of efficiency, lawfulness, effectiveness, due care, comprehensibility and responsiveness, now the principle of effectiveness was mainly emphasised at the start. The fact that effectiveness was more important than the efficiency and lawfulness of the support measures in the initial stage led to a decrease in the regulatory burden. The support measures were designed to help as many entrepreneurs as possible as quickly as possible, and they have succeeded in doing this. At the same time, the principles of due care, comprehensibility and responsiveness with respect to the rules were considered less important in the design process than the effectiveness of the rules. This in turn led to less workable rules and an increased regulatory burden for entrepreneurs for whom these rules were not easily comprehensible, i.e. those who are semi-literate or whose cases were relatively exceptional. Also, the emphasis on the feasibility of the rules for the implementing organisations involved meant that these rules were not always properly aligned with business practices and were therefore less practicable.

It is possible that the lack of a formal consultation process also played a role in this. As a result of the informal consultation process, there has been a greater emphasis on the consideration of feasibility from the viewpoint of the implementing organisations, while the workability for entrepreneurs has received somewhat less attention. The formal consultation phase usually offers a platform for the exchange and consideration of the views of society, so that the actual and perceived regulatory burden can also be reduced. In any case, the conclusion is that the shift in legislative principles in favour of efficiency has not necessarily resulted in a lower regulatory burden.

## / 6 Lessons for the future

To conclude this study, we have formulated some lessons based on the legislative process of the COVID-19 support measures. These may include lessons for future crisis situations as well as lessons for non-crisis situations. With this, we also answer the last subquestion of the study:

**Subquestion 6** | *What lessons does the study offer for the design of laws and regulations that have a higher level of workability and lower regulatory burden?*

**1. Continue to involve implementing organisations in the design of laws and regulations; this will ensure more feasible policies.** What is unique about this crisis situation is that implementation capacity has been central to the design of the support measures. This is different from a normal legislative process, where the implementation test is supposed to be carried out in a final phase but is regularly overlooked (see the outcomes of Temporary Implementing Bodies Supervisory Committee). The intensified cooperation between the policy, legislation and implementation departments was viewed positively by those involved, and the interviewees indicate that they would like to retain elements of this. By taking a realistic and critical look from the outset at the limitations in the implementation, it is possible to consider in advance any adjustments that need to be made in the implementation capacity and organisation or in the laws and regulations themselves to guarantee feasibility and therefore workability and a reduced regulatory burden. In fact, it is important to organise public consultations as far as possible to allow for transparency and political accountability. Interim reviews announced in advance can support accountability, whereby adjustments will be seen less as a correction of errors.

**2. Interministerial coordination provides better insight into the regulatory burden arising from the stacking and combinations of schemes from several ministries.** It is advisable to consider the common combinations of schemes from the user's point of view and coordinate them on an interministerial basis. In this way, bottlenecks created due to the combined schemes can be recognised in a timely manner and the regulatory burden further reduced. In addition, it also seems useful to provide a central point of contact that can be accessed by all entrepreneurs. In this way, questions and requests for assistance with regard to combinations of schemes can be handled in a clear manner. One lesson from this study is that government efforts to help entrepreneurs via information and support can actually lead to a significant reduction in the perceived regulatory burden. This can be useful in future crisis situations, as well as in 'ordinary' times.

**3. When drafting new laws and regulations, policymakers and legislative drafters could, even in non-crisis situations, take into account the possibility of upscaling the implementation.** It is recommended that, when designing future schemes under which citizens are entitled to some form of government support, an analysis should be carried out and/or this design should be based on scenarios regarding the extent of use. If the analysis shows that there is a possibility that a scheme may need to be scaled up in the future, it should be ensured that the process and ICT setup are designed to facilitate such a scaling up (and that the conditions can be modified). It is also advisable to gather sufficient basic information about the nature of the businesses, which is currently determined based on the SBI codes.

**4. When designing regulations, policymakers and legislative drafters should take greater account of the expected life cycle and phasing of a scheme, in which the balance between effectiveness, due care and lawfulness may change.** The COVID-19 support measures have gone through several phases in which the regulations were subject to constant interim adjustments based on new insights. Due

care and lawfulness became more important as the crisis progressed. While the circumstances were unique, it is not unusual to have multiple phases or tranches of regulation in which the balance between legislative principles may change. Regulations have a certain life cycle, which can lead to changes in the regulatory burden over time. Stacking of different schemes can also have an impact on the regulatory burden. In reality, a consideration of legislative principles is not a single assessment process for a single scheme: it is a series of assessments that pertain to and may turn out differently at different stages of a scheme and also between schemes. A greater workability and feasibility and a lower regulatory burden in the initial stage (application, disbursement) can therefore lead to a higher perceived regulatory burden and lower workability in the later stages of the scheme (settlement and repayment). For example, because there is insufficient alignment between schemes that can be 'stacked', the exact conditions are not clear in advance and/or working with estimates (loss of turnover) and advances leads to additional uncertainty and requests for information at the settlement stage. While designing regulations, this life cycle can be taken into account by dividing the process into different stages and planning interim reviews.

**5. Implementing organisations should standardise the margins of error and better align the burden of proof and audit requirements with business practices.** The provision of unlawful support results in stringent audit requirements, in high regulatory burdens for companies and sometimes also in disproportionate repayment schemes if companies are unable to satisfy the burden of proof. A realistic consideration of lawfulness and efficiency means accepting a certain margin of error. It is also important to avoid, as far as possible, mismatches between the burden of proof and audit requirements and actual practice. Entrepreneurs indicate that the practices of ministries should better reflect the business operations of companies. Certain services and outreach facilities can help reduce regulatory burdens and are important for mitigating the psychological costs of regulatory burdens and safeguarding trust in the government.

**6. Policymakers and communications departments must focus more on expectation management and announce tranches and interim adjustments in advance.** It should be borne in mind that entrepreneurs are willing to accept a certain amount of regulatory burden as long as they feel that this is in proportion to the usefulness of the rules, but unexpected and interim changes in the rules lead to a greater regulatory burden, both psychologically and in terms of actual experience. Even minor adjustments due to the fine-tuning of regulations can make the perceived regulatory burden much higher if such adjustments are unexpected. Keep in mind that unannounced interim changes in rules will damage trust in the government. As indicated above, rules and regulatory burdens are dynamic, and rules often have a certain life cycle. These dynamics can be managed through planned interim reviews and announced adjustments. Equality and fairness considerations also play an important role in how the regulatory burden is perceived. Treatment or outcomes that are felt to be unequal appear to play an important role in the psychological aspects of the perceived regulatory burden.

## / A Appendix: list of sources

- Dutch Advisory Board on Regulatory Burden (ATR). (2021, April). ATR Annual Report 2020. <https://www.atr-regeldruk.nl/atr-jaarverslag-2020/>
- Ansell, C., Sørensen, E., & Torfing, J. (2021). The COVID-19 pandemic as a game changer for public administration and leadership? The need for robust governance responses to turbulent problems. *Public Management Review*, 23(7). <https://doi.org/10.1080/14719037.2020.1820272>
- Ariaans, M., Vermeulen, L. & Reinders, E. (2021). Evaluatie en speculatie steunmaatregelen [Evaluation of and speculation on support measures]. [Evaluatie en speculatie steunmaatregelen - Yong](#)
- Baldwin, R. E., & Di Mauro, W.B. (2020). *Mitigating the COVID Economic Crisis*. CEPR Press.
- Bartik, W., Bertrand, M., Cullen, Z., Glaeser, E., Luca, M., Stanton, C. (2021). The impact of COVID-19 on small business outcomes and expectations.
- Boeije, H. (2016). *Analyseren in kwalitatief onderzoek. Denken en doen [Analysis in qualitative research. Thinking and acting]*. Amsterdam, the Netherlands: Boom.
- Christensen, T., & Lægheid, P. (2020). Balancing Governance Capacity and Legitimacy: How the Norwegian Government Handled the COVID-19 Crisis as a High Performer. *Public Administration Review*, 80(5), 774–779. <https://doi.org/10.1111/puar.13241>
- Cirera, X., Cruz, M., Davies, E., Grover, A., Lacovone, L., Lopez Cordova, J., Medvedev, D., Okechukwu Maduko, F., Nayyar, G., Reyes Ortega, S., Torres, J. (2021). Policies to Support Businesses through the COVID-19 Shock : A Firm-Level Perspective.
- De Beleidsonderzoekers. (2020, October). *Procesevaluatie Tozo Eindrapport [Tozo Process Evaluation Final Report]*. Central government <https://www.rijksoverheid.nl/documenten/publicaties/2021/03/04/eindrapport-tozo>
- Goudriaan, R. et al. (2021). Ongelijk getroffen, ongelijk gesteund: effecten van de coronacrisis in de culturele sector [Unequally affected, unequally supported: effects of the coronavirus crisis in the cultural sector]. Amsterdam/Utrecht/The Hague: Boekmanstichting/SiRM/Significant APE.
- Herd, P. & Mohniyan, D.P. (2019). *Administrative burdens: Policymaking by other means*. Russell Sage Foundation.
- Janssen, M., & Van der Voort, H. (2020). Agile and adaptive governance in crisis response: Lessons from the COVID-19 pandemic. *International Journal of Information Management*, 55. <https://doi.org/10.1016/j.ijinfomgt.2020.102180>
- Kox, J. (2020). *Veerkracht van het MKB in tijden van Corona [Resilience of SMEs in times of the coronavirus]*. Tilburg University. [Veerkracht van het mkb in tijden van coronavirus | Tilburg University](#)



- Levi, M., & Smith, R. G. (2021). Fraud and its relationship to pandemics and economic crises: From Spanish flu to COVID-19 (No. 19). Canberra: Australian Institute of Criminology. <https://doi.org/10.52922/rr78115>
- National Ombudsman (2021). Knelpuntenanalyse coronasteunmaatregelen zzp'ers en kleine ondernemers [Bottleneck analysis of coronavirus support measures for self-employed persons without employees and small businesses]. [https://www.nationaleombudsman.nl/system/files/bijlage/Knelpuntenanalyse%20steunpakket%20ondernemers\\_0.pdf](https://www.nationaleombudsman.nl/system/files/bijlage/Knelpuntenanalyse%20steunpakket%20ondernemers_0.pdf)
- Richards, L. (2005). Handling qualitative data: A practical guide. London, UK: Sage Publications, Inc.
- Sevat, P., & Streefkerk, E. (2018). Handboek Meting Regeldrukkosten [Manual for Measuring the Costs of Regulation]. <https://www.atr-regeldruk.nl/wp-content/uploads/2018/02/Handboek-Meting-Regeldrukkosten-1-1.pdf>
- Temporary Executive Organisation Supervisory Committee (TCU) (2021). Klem tussen balie en beleid [Stuck between desk and policy]. [20210225 eindrapport tijdelijke commissie uitvoeringsorganisaties.pdf \(tweedekamer.nl\)](https://www.tcu.nl/20210225_eindrapport_tijdelijke_commissie_uitvoeringsorganisaties.pdf)
- Veerman, G. (2009). Over Wetgeving - principes, paradoxen en praktische beschouwingen [On Legislation - principles, paradoxes and practical considerations].

## / B Appendix: respondents

### B.1 Interviews

Function/role	Organisation	Measures involved
Policy Officer	Ministry of Economic Affairs and Climate Policy	TVL/TOGS
Policy Officer (two persons)	Ministry of Social Affairs and Employment	TOZO
Policy Officer (two persons)	Ministry of Social Affairs and Employment	NOW
Legislative Drafter (three persons)	Ministry of Social Affairs and Employment	NOW/TOZO/TOFA
Policy Secretary	Confederation of Netherlands Industry and Employers (VNO-NCW)	All
Programme implementation staff (two persons)	Netherlands Enterprise Agency	TVL/TOGS
Policy Officer	Ministry of Social Affairs and Employment	NOW, TOFA
Implementation staff	Employee Insurance Agency (UWV)	NOW, TOFA
Policy Consultant	The Royal Netherlands Institute of Chartered Accountants (NBA)	NOW, TVL, TOZO
Researchers (two persons)	Netherlands Court of Audit	NOW, TOZO
Policy Officer (two persons)	ONL	NOW, TOZO
Sporting sector entrepreneurs	-	NOW, TVL/TOGS
Hospitality sector entrepreneur	-	NOW, TVL/TOGS
Hospitality sector entrepreneur	-	NOW, TVL/TOGS
Facility services entrepreneur	-	NOW, TVL/TOGS

### B.2 Focus groups

In 3 focus groups, we spoke with 14 entrepreneurs from the following sectors:

- ▶ travel sector (2);
- ▶ cultural sector (museums and cinemas) (3);
- ▶ hospitality sector (1);
- ▶ hairdressing sector (2);
- ▶ retail sector (1);
- ▶ fitness sector (1);
- ▶ tourism/boat rental sector (1);
- ▶ self-employed persons without employees active in business consultancy (3).

Almost all entrepreneurs made use of multiple measures such as NOW, TVL and TOGS. One entrepreneur only made use of TVL.  
The interviewed self-employed persons without employees active in business consulting made use of TOZO.