DRAFT BUDGET

THE NETHERLANDS

SEPTEMBER 2021

INTRODUCTION

In this Draft Budgetary Plan, the government presents its economic and budgetary prospects. The European Commission and European Council use the Draft Budgetary Plan to assess whether the Netherlands is compliant with the requirements of the Stability and Growth Pact (SGP), which contains the European budgetary rules. Due to the exceptional crisis caused by COVID-19, the general escape clause has been activated, allowing Member States to respond appropriately to the crisis.

By virtue of the government's outgoing status, this Draft Budget Plan is different from the usual one and the government is more cautious on a number of dossiers. At the same time, the government takes a number of measures which it considers necessary. Firstly, generic support packages are being discontinued, but the government is still spending a great deal of money on maintaining jobs and supporting incomes, helping employers to adapt and limiting long-term economic losses. In addition, the government is investing in climate measures, over and above the existing climate policy. Additional resources are also being allocated for combating subversive crime and providing proper access to justice. Finally, the government is also taking steps to make the Netherlands less vulnerable to suffering economic blows in the long term.

The economic and budgetary prospects are based on the Macroeconomic Outlook (MEV) and Medium-term forecast (MLT) of the Netherlands Bureau for Economic Policy Analysis (CPB) and the 2022 Budget Memorandum (Miljoenennota 2022). A more detailed explanation on the government's policy plans is available in the 2022 Budget Memorandum. The figures do not yet contain any data on the European Recovery and Resilience Facility, as the plan for the facility will be submitted later by the Netherlands.

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CHAPTER 1:
MACROECONOMIC FORECAST

Given the radical contact-restrictive measures, the economic loss to date is lower than expected. During the first lockdown part of the social and economic life came to a standstill. Many economic indicators nose-dived at an unparalleled rate, such as production statistics, confidence indicators and worked hours (see Table 1.1). The downward trend of GDP in the second quarter of 2020 was the strongest decline in a quarter since monitoring started.[1] One quarter later, an easing of the corona restrictions led to a record growth. So, the first half of the crisis was accompanied by a vigorous economic fluctuation. During the second lockdown, the economic disruption was considerably less severe. It seems that companies and households were better prepared when restrictions were reinstated. In some part thanks to the creativity and adaptability of companies and employees, production has remained at a relatively good level in many sectors. Due to the last corona waves recovery was somewhat delayed, but not shattered. The economy has picked up since spring and many of the indicators show positive figures again (see last column in Table 1.1). Despite these positive macro-indicators, some entrepreneurs have indeed had to draw on their reserves, or are still faced with restrictions and uncertainty.

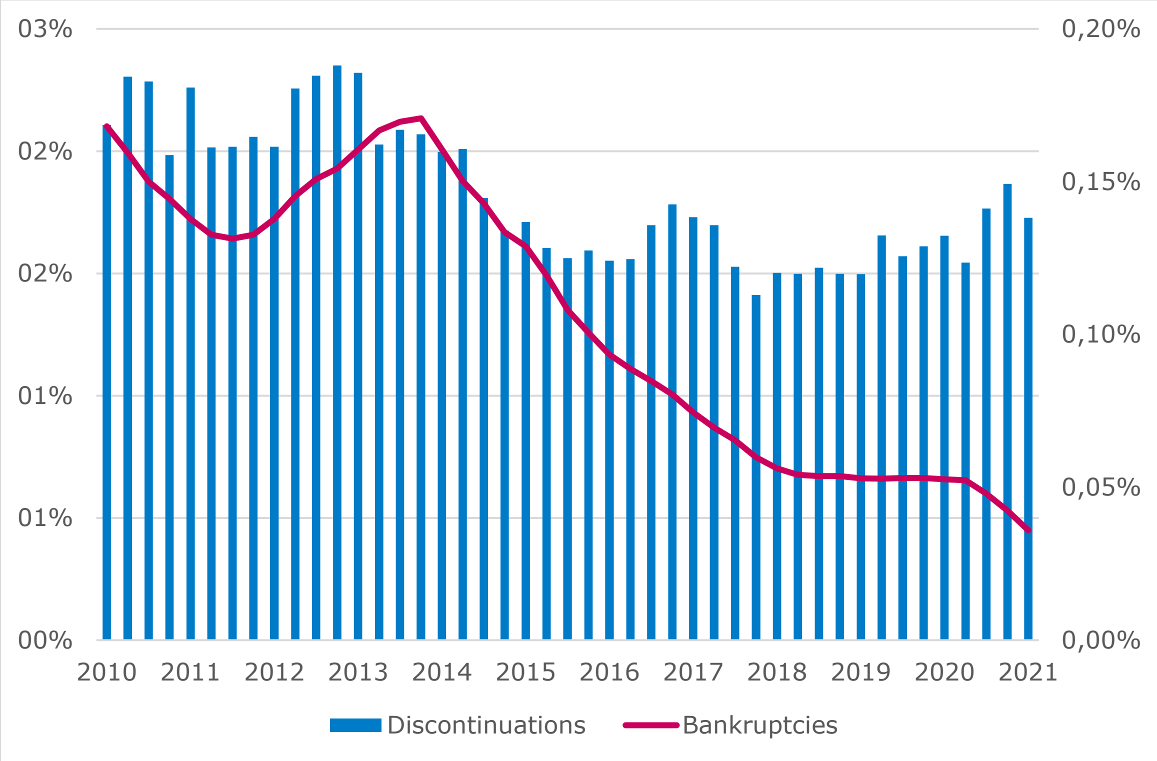
Table 1.1 Indicators for corona restrictions[2] and the economy

Indicator	2020Q1	2020K2	2020Q3	2020Q4	2021Q1	2021Q2
Lockdown index (Oxford)	16	71	45	64	78	67
Consumer confidence	-2	-27	-27	-27	-19	-6
Business confidence	6	-37	-19	-4	-6	2
World trade, volume (in million USD)	361	322	359	373	386	391
Daily production of industrial sector (2015=100)	108	98	104	107	109	113
Bankruptcies	801	847	572	483	407	381
Worked hours (in million hours)	3467	3245	3428	3355	3404	3440
No. of workers (x 1000)	9052	8879	8907	8967	9010	9028
No. of unemployed (x 1000)	277	349	419	384	334	307

Bankruptcies are historically low despite the economic downturn. As a result of generous corona support, the number of bankruptcies in 2020 was at its lowest level in twenty years. In August 2021, the lowest monthly figure was recorded since 1990. Partly as a result of the support measures, income of all entrepreneurs rose slightly (by EUR 800 million in 2020), although the differences amongst themselves are exceptionally large. Lifting the restrictions on the economy and scaling down the support policy will allow the normal dynamics of business discontinuations and establishments to resume again. This is paramount for the health, competitiveness and productivity of businesses in the Netherlands in the long term.

[1] This does not include the two world wars, there are no statistics for those periods.
[2] Lockdown index (Oxford): an indicator for the severity of contact-restrictive measures, developed by the University of Oxford. This monitors 23 indicators for various kinds of contact-restrictive measures and interprets them into an index figure for the Netherlands.
Consumer confidence (Statistics Netherlands): indicator of the share of consumers with positive expectations for the economy, at a value of 0 the share is 50%.
Business confidence (Statistics Netherlands): indicator for the share of companies with positive expectations
World trade (Statistics Netherlands): year-on-year development of world trade
Daily production of industrial sector (Statistics Netherlands): index for average production of industrial sector in the Netherlands, 2015=100
Bankruptcies (Statistics Netherlands): pronounced bankruptcies of companies and institutions (excluding sole proprietorships)
Hours worked (Statistics Netherlands), number of employed (Statistics Netherlands), number of unemployed (Statistics Netherlands): labour market indicators

Figure 1.1 Bankruptcies and discontinuations as a percentage of the number of businesses, 12-month average

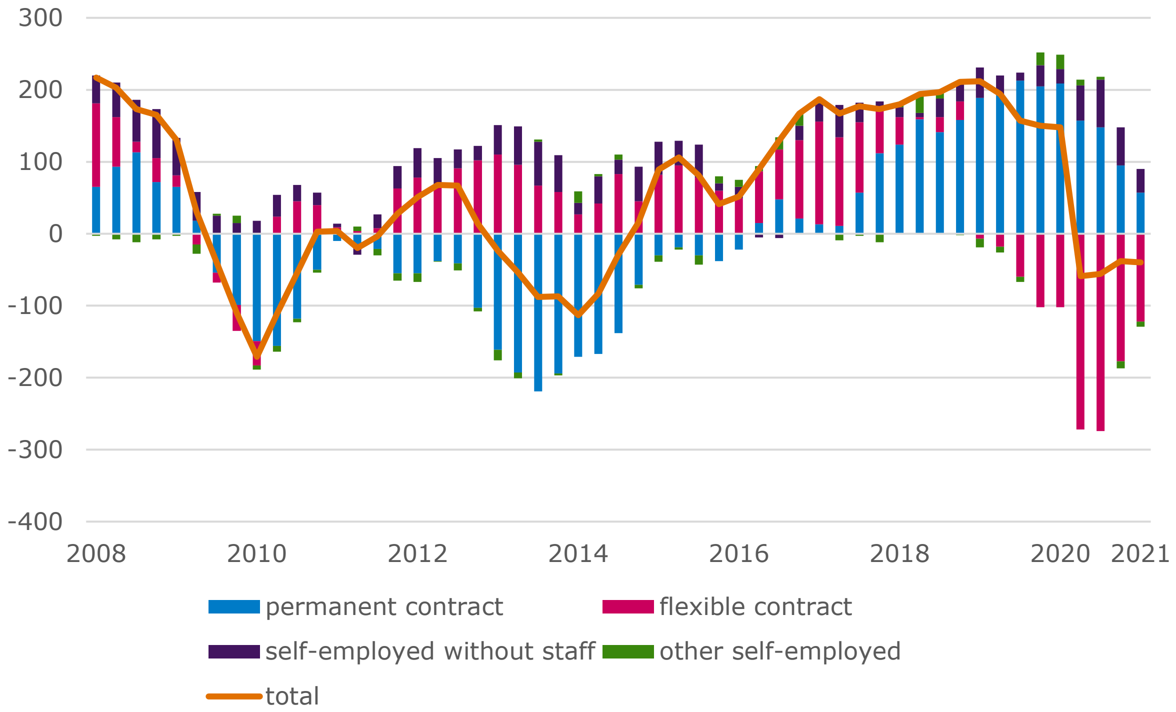


Source: Statistics Netherlands

The economic situation of most households is stable; the consequences are most severe for groups that were already vulnerable. Those more likely to be affected are young people, low-skilled workers, people with a migration background and occupationally impaired people. These groups are more likely to work with insecure contracts or work in sectors that have been severely impacted. Corona has reduced the number of flexible workers (especially the on-call workers) and the number of permanent contracts has risen slightly (see Figure 1.2). This does not alter the fact that three-quarters of the people who found a new job last year are flexible workers.[3] The wage support via the Temporary Emergency Bridging Measure to Preserve Employment (*NOW*) made it possible for employers to continue paying wages. Partly as a result, the average available income continued to grow (by 2.4% in 2020). Most households have saved extra money, but that does not apply to everyone. Savings have increased, particularly of those with higher incomes who are more often likely to have a permanent employment contract, but that does not apply to everyone either. By contrast, many of the self-employed without staff and flexible workers have had to draw on their savings.

[3] Decline in number of flexible workers levelled off after onset of the corona crisis, CBS (Statistics Netherlands), 2021.

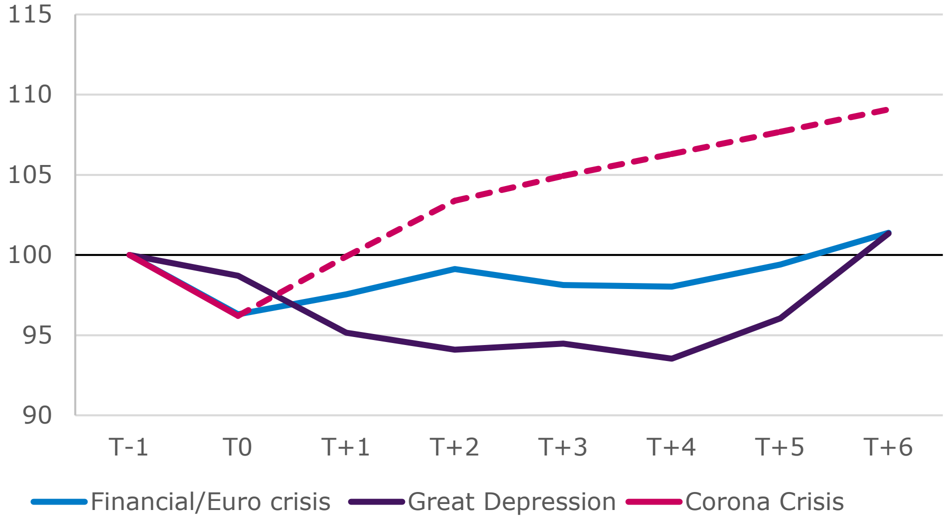
Figure 1.2 Working households by employment, year-on-year difference in thousands



Source: CPB

If the impact of the corona virus remains under control, the economy is expected to recover rapidly. According to CPB Netherlands Bureau for Economic Policy Analysis, GDP is expected to grow this year by 3.9% and by 3.5% in 2022. Despite the historically significant downturn in 2020, GDP is expected to recover to pre-corona-crisis levels in the third quarter of 2021. That is much faster than in previous major crises (see Figure 1.3). This rapid recovery is mainly due to the nature of the corona crisis and to the direct, large-scale government support. Unlike in the financial crisis (which led to a major downturn in 2009), so far there have been no significant capital losses in households, nor problems with credit granting services. Obviously, this still depends on the further evolution of the coronavirus. The rate of recovery does not prejudice the fact that this crisis has left its mark and has altered the economy. A number of trends may have accelerated, such as remote working and online shopping. Despite the rapid economic recovery, not all the economic growth missed as a result of the pandemic will be recovered. The CPB has estimated the irrecoverable losses at 1.5% of GDP.

Figure 1.3 Number of years needed to recover GDP to pre-crisis level after the three most profound crises monitored; the Great Depression, the Financial/Euro Crisis and the Corona Crisis (T0=1929, 2009, 2020)



Source: CPB Netherlands Bureau for Economic Policy Analysis, Statistics Netherlands

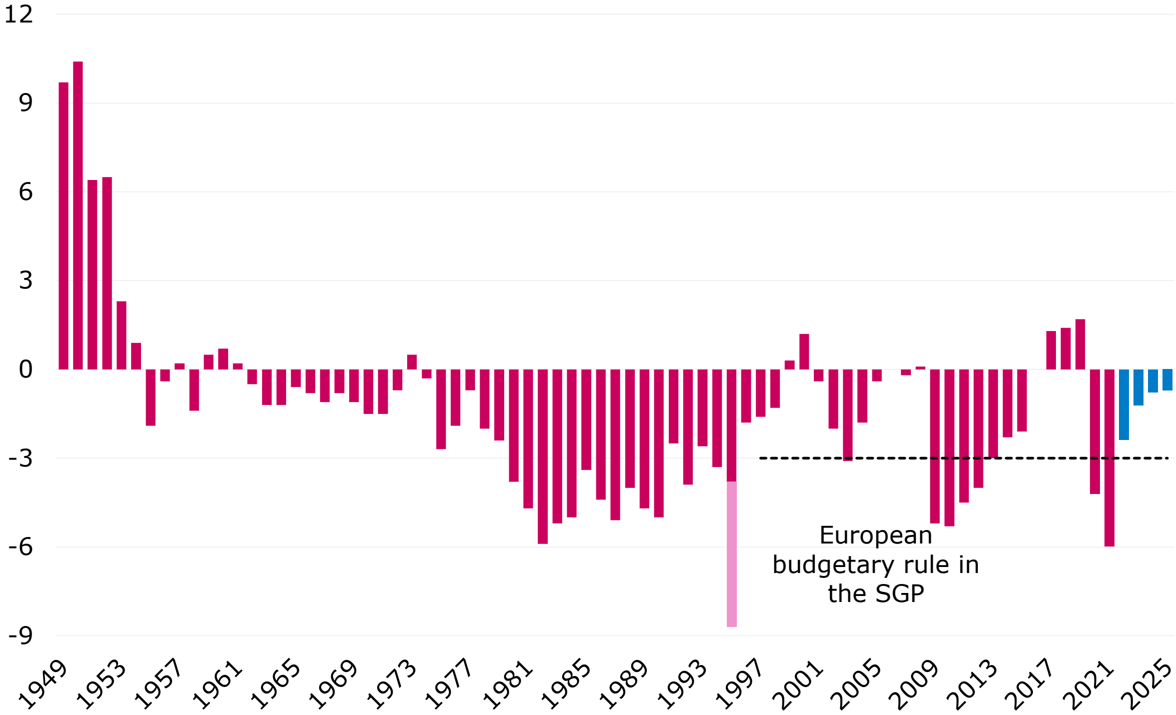
The exceptional nature of this crisis makes the prospects more uncertain than would otherwise be the case. Despite the extensive research work that has been undertaken, a pandemic is still unknown territory for researchers and economic institutions. During the corona crisis, several things have happened that had not been expected, such as rising prices for housing, declining unemployment and a very low number of bankruptcies, in an historically shrinking economy. That makes the forecasts for the coming year especially uncertain and makes new surprises more likely. As the previous course of the pandemic shows, these surprises can be both positive as well as negative. If consumers spend more of the additional funds saved during the corona crisis, this can further boost the economy. Conversely, the crisis could persist longer if vaccines prove to be not sufficiently effective against new variants of the coronavirus.[4] The development of inflation too – which has recently increased substantially in several countries – is a source of uncertainty. Contrasting corona policy worldwide, wavering travel advice, and disruptions in global freight flows also continue to cause a strain on households and nationally and internationally operating businesses.

[4] 2021 CPB June forecast, paragraph 4; alternative scenarios,

CHAPTER 2:
BUDGETARY TARGETS

The consequences of the corona crisis led to an historically large budget deficit. The government has taken greater emergency and support measures than ever before to limit the impact of the corona crisis. Corona-related expenditure has not been at the expense of normal expenditure, but has resulted in a negative budget balance and an increase in government debt. In 2021, the general government balance is expected to result in -6.0% of GDP. In 2020, this balance amounted to -4.3% of GDP. These are unprecedented historical deficits. Placing the corona expenditure outside the budgetary framework is an exceptional choice, which the government has made consciously because of this unique crisis. Due to the strong (current and expected) economic recovery and the scale down in temporary support measures, the budget deficit is expected to recover relatively quickly and reach -2.4% of GDP in 2022.

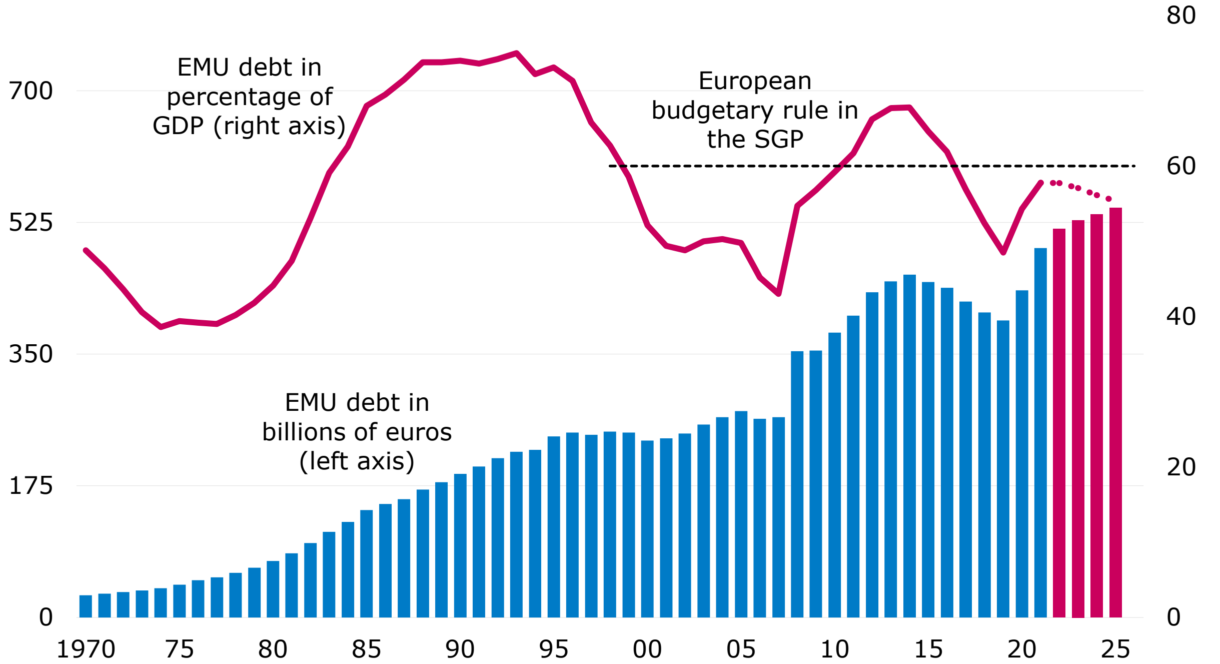
Figure 2.1. Development of government balance as a % of GDP



Source: CPB

Government debt remains within the bounds due to accumulated buffers. It is expected that by the end of this year, government debt will be 57.8% of GDP and 57.7% of GDP in 2022. Government debt has risen substantially compared to 2019. At that time, the debt ratio was still 48.6% of GDP. However, the level of debt has remained below the prescribed European criterion of 60%. In the years prior to the corona crisis, government debt decreased, causing a buffer in respect of the prescribed European criterion. The increase in government debt has not had any consequences for the creditworthiness of the Netherlands.

Figure 2.2 Government debt in billions of euro (bar) and % of GDP (line)



Source: CPB

For Member States in the preventive arm, such as the Netherlands, a medium-term objective (MTO) normally applies for the structural government balance up to -0.5% of GDP. As can be seen in Table 2.1, the projected structural government balance this year is -4.9% of GDP and -2.7% of GDP next year. Hence, the Netherlands does not meet its MTO, but does shift it by a sufficient degree towards the MTO. Besides, the general escape clause in the Stability and Growth Pact is currently in force, which temporarily does not apply in respect of the structural government balance requirements. The Netherlands will take de-activation of the general escape clause into account as from 2023, when the economy has recovered to the pre-crisis level.

Table 2.1 Structural government balance

in % of GDP	2020	2021	2022
Actual general government balance	-4.3	-6.0	-2.4
Cyclical component	2.3	1.0	-0.3
Extraordinary measures	0.0	0.0	0.0
Structural government balance	**-1.9**	**-4.9**	**-2.7**

In the Netherlands, space has been created under the policy pursued in recent years to cope with a possible shock in public finances. In recent years, the economy has been running at full speed, resulting in budget surpluses. Under the system of trend-based fiscal policy, the level of expenditure is largely fixed for the whole cabinet period. This also applies for policy-based development of revenue. So, in principle, windfalls in the general government balance do not lead to additional fiscal space in the budget, but rather ensure an accelerated accrual of buffers. As a result, the debt decreased faster than was expected in the Coalition Agreement and fiscal space was created for lesser times. By making use of this fiscal space to support the economy now, the government contributes to stability and continuity. All public expenditure is expected to contribute to a rapid recovery of the economy.

Although the increase in debt due to the corona crisis is significant in historical terms, it does not directly lead to a level that is historically unusual or harmful to the economy. For example, during the financial crisis, government debt in the Netherlands increased by 25 percentage points, while the current corona crisis is likely to increase the debt ratio by about 10 percentage points. In doing so, the extra billions could be borrowed at a negative interest rate thanks to the good credit rating of the Netherlands, the low interest rate worldwide, and ECB policy. However, the current negative interest rate does not mean that increasing the debt is risk-free. After all, interest rates may rise again.

Additional risk arrangements amounting to about EUR 50 billion contribute to economic recovery during the corona crisis by eliminating uncertainty. The government is able to bear risks that the market cannot take on. Removing risks, ensures that financiers have the confidence to invest and lend out. This confidence effect is particularly strong during an economic crisis. The government has therefore deliberately chosen to extend existing risk arrangements and to introduce new conditions. Risk arrangements are understood to mean both loans and guarantees. A guarantee is a contingent liability of a party outside the government that the government takes over. A loan is an expenditure with a repayment obligation and a repayment schedule. Examples of this are the guarantees (EUR 2.2 billion) and loans to KLM (EUR 0.3 billion). Out of the EUR 50 billion additional risk arrangements as a result of the corona crisis, EUR 35 billion relate to contributing to guarantees of the European economic recovery. For 2022, the corona-related guarantees are expected to amount to approximately EUR 41 billion. Of this, EUR 33.2 billion consists of the European guarantees SURE (Support to mitigate Unemployment Risks in an Emergency) and NGEU (Next Generation EU).

When the economy has found calmer waters after the corona crisis, by default the present risk of guarantees will return to the pre-crisis level. In 2020, the present risk of national guarantees was approximately 7% of GDP. The 'no, unless policy' ensures that after maturity of all corona-related guarantees in 2024, by default the present risk falls back to the level prior to 2020. In this way, during a subsequent crisis, the government can reinforce confidence in the economy with risk schemes, if necessary. Furthermore, an easing in the number of guarantees will reduce the risk to the budget. When a guarantee is invoked, the government must basically pay the account.

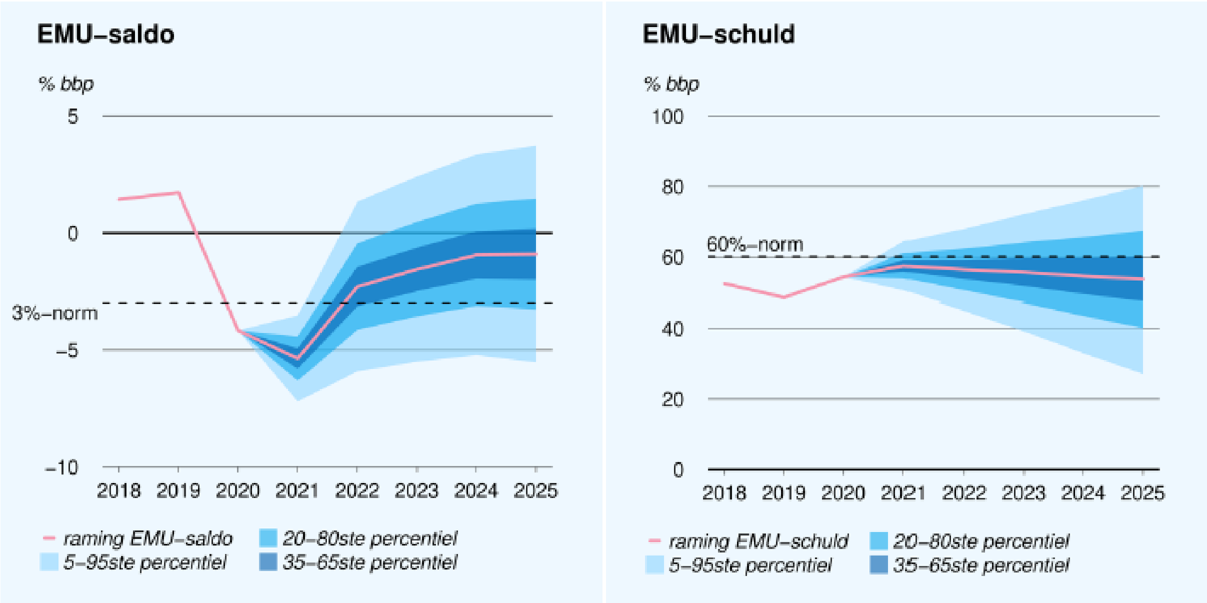
Table 2.2 Development of present risk guarantees

in % of GDP	2020	2021	2022
Public guarantees	29.2	24.8	23.6
Government guarantees: linked to corona crisis	6.3	4.9	4.6

Current forecasts show good prospects, but are surrounded by uncertainty. The economic picture may, of course, look different in forthcoming decades. CPB's analysis below shows this uncertainty, which is inherent to forecasts.[5] Figure 2.3 shows the margin of error of CPB's medium-term forecast in respect of the outcome of unchanged policy. This shows that there is about a 30% probability that government debt will end up between 45% and 60% of GDP until 2025 and a 90% probability that this will end up between 30% or 80% of GDP; more than 25 percentage points contrary to the current baseline.

[5] For a complete analysis: see the CPB debt forecast background document (2021), still to be published.

Figure 2.3 Major uncertainties in general government balance and general government debt development



Source: CPB

The CPB's scenario analysis shows that the debt level can vary greatly in 2060 if the underlying variables change. A possible increase in interest rates has a considerable impact on future government debt. Table 2.3 shows the sensitivity to interest rates of debt in 2060. This shows that the outcome of government debt can be considerably higher if any future interest level is higher. However, the reverse is also true for a lower future interest level.

Table 2.3: Impact test of interest rate on public debt forecast[6]

Alternative	2060 Public debt forecast (in % of GDP)
Baseline (interest on public debt = 0.6%)	28%
2% interest on public debt	41%
3% interest on public debt (=economic growth)	52%
4.5% interest on public debt (=discount rate)	78%

Source: CPB

The CPB states that if healthcare expenditure increases by 1% per year up to and including 2060 then presumably by consistent arrangements, government debt will increase by more than 70 percentage points. In this scenario, according to the CPB, government debt would be almost 100% of GDP in 2060. However, this is a scenario in which no higher taxes or health and welfare contributions would follow. According to the current system of expenditure-covering contributions, higher growth of Healthcare Insurance expenditure (*Zorgverzekeringswet*, *Zvw*) would be covered by additional contributions. Then the government debt would result in 71% of GDP and the tax burden would be almost 3% of GDP higher. With full coverage through additional taxes and contributions, taxes would be almost 6% of GDP higher and government debt would be 42% of GDP in 2060. This shows how strong the long-term consequences can be of a higher rise in healthcare expenditures.

The above scenarios show that it's important to be careful in steering debt indicators for the medium to long-term. This could lead to procyclical policies. Besides, the above scenarios are not exhaustive. For example, the CPB states that economic growth, labour productivity and labour participation can also be different, with varying impacts on public finances.

[6] The interest rate here is based on the Ultimate Forward Rate (UFR), a method of approaching long-term interest rates.

CHAPTER 3:
EXPENDITURE AND REVENUE PROJECTIONS AT AN UNCHANGED POLICY SCENARIO

Table 3.1 General government expenditure and revenue targets, broken down by main components.

in % of GDP		**2021**	**2022**
General government (S.13)	ESA Code		
1. Total revenue at unchanged policy	TR	42.88	42.2
Of which:			
1.1. Taxes on production and imports	D.2	12.1	12.1
1.2. Current taxes on income, wealth, etc.	D.5	12.9	13.0
1.3. Capital taxes	D.91	0.3	0.3
1.4. Social contributions	D.61	13.4	12.9
1.5. Property income	D.4	0.4	0.4
1.6. Other		3.6	3.5
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		38.8	38.3
2. Total expenditure at unchanged policy	TE	48.1	44.5
Of which:			
2.1. Compensation of employees	D.1	8.6	8.5
2.2. Intermediate consumption	P.2	6.9	6.3
2.3. Social payments	D.62	22.1	21.8
Of which: Unemployment benefits	D.632	1.3	1.3
2.4. Interest expenditure	D.41	0.5	0.4
2.5. Subsidies	D.3	3.8	1.6
2.6. Gross fixed capital formation	P.51	3.7	3.5
2.7. Capital transfers	D.9	0.6	0.6
2.8. Other		1.9	1.7

CHAPTER 4:
EXPENDITURE AND REVENUE TARGETS

Table 4.1 General government expenditure and revenue targets, broken down by main components.

in % of GDP		**2021**	**2022**
General government (S.13)	ESA Code		
1. Total revenue at unchanged policy	TR	42.8	42.2
Of which:			
1.1. Taxes on production and imports	D.2	12.1	12.1
1.2. Current taxes on income, wealth, etc.	D.5	12.9	13.0
1.3. Capital taxes	D.91	0.3	0.3
1.4. Social contributions	D.61	13.4	12.9
1.5. Property income	D.4	0.4	0.4
1.6. Other		3.6	3.5
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		38.8	38.3
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2.8. Other		1.9	1.7

CHAPTER 5:
DISCRETIONARY BUDGETARY DEVELOPMENTS

The corona crisis has had a major impact on the national budget and will still reverberate in 2022. In 2020 and 2021, the government has so far spent almost EUR 70 billion on additional corona-related expenditure to respond to the crisis as best as possible. Due to the increasing degree of vaccination, contact restrictions are expected to be scaled down further. Yet next year, the government will also support the economy and society with almost EUR 12 billion for expenditures on corona measures. This includes funding to eliminate educational backlogs. During the corona crisis, tax revenues declined somewhat and are expected to recover relatively quickly. Further, additional expenditure has been earmarked for social challenges in the context of the climate transition and digitisation.

Corona crisis emergency measures

The rate of recovery is possible thanks to the exceptionally wide-ranging and speedy support from the government. When the economic situation deteriorates, the government automatically spends more money. Revenue declines and social security benefits increase. Such supposed automatic stabilisation, is normally the government's most important instrument to dampen the economy's fluctuations. The government has also responded to this exceptional crisis with unprecedented emergency and support measures, which have been necessary to minimise the losses. This has meant large-scale intervention in the economy. Altogether, around EUR 80 billion in emergency support was promised, of which about half will be spent in 2021. Support has been exceedingly wide-ranging and made available to businesses and self-employed workers suffering from the consequences of the corona crisis on accommodating terms. In this way, the government supported businesses and workers who were restricted in their ability to trade by measures needed to contain the virus.

Support measures were also put in place in the Caribbean Netherlands, in line with the Netherlands in Europe. A corresponding package has been agreed with the countries of the Kingdom of the Netherlands which includes reforms, investments and liquidity support to help the islands through this crisis. The reforms for the range of countries should also ensure that public finances end up on a sustainable pathway, so too in the long term, to increase the resilience of the Caribbean in the event of a future crisis.

Extensive measures have also been taken on the revenue side. For instance, 128,000 companies have made use of the possibility of deferring the due payment of tax and social security contributions. This concerns approximately EUR 12 billion in tax deferral; the bulk of which will be collected later. In addition, the emergency packages contain tax measures to the extent of EUR 4.4 billion. Budget-wise, the creation of a corona tax reserve of EUR 3 billion within corporation taxes, is the largest part of the tax measures.

In 2022, it is expected that no generic support package will be in force any longer. After a period of approximately one and a half years of exceptional economic support, the generic part of the support package will cease as at 1 October 2021. This means that the Temporary Emergency Bridging Measure to Preserve Employment *(NOW)*, Reimbursement of Fixed Costs (*TVL*), Temporary Support Scheme for Self-Employed Persons (*TOZO*), Temporary Support for Necessary Costs (*TONK*) schemes and various tax measures have not been extended. To facilitate the transition to the new structural situation, a number of support schemes will still be in force to promote dynamism in the labour market. In addition, some previously introduced corona support measures will continue in 2022.

In 2022, the corona-related expenditures are expected to amount to almost EUR 12 billion. This EUR 12 billion mainly concerns a continuation of support of the *NOW* scheme (EUR 2.9 billion), the provision of vaccines (EUR 0.6 billion) and implementation costs for various smaller schemes per budget. In addition, children and youths have suffered educational disadvantages during the corona crisis. To limit the consequences of this, the National Programme for Education (*NPO*) has been introduced. It is expected that about EUR 4 billion of this programme will be used in 2022.

Other budgetary measures

In addition to current climate policy, the government is investing more than EUR 6.8 billion on climate actions. The package aims to heed the Urgenda judgment. It aims to achieve additional carbon emission reductions and to work on the energy infrastructure of the future. The government is aware of the fact that Dutch climate policy will need to be tightened further in the years ahead. Measures currently being taken by the government make an important contribution to this. In addition, it is important for the next government to draw up a balanced and integrated package.

The government is allocating EUR 1.3 billion to subsidies for hydrogen and heat infrastructure projects. A government contribution is needed in these fields and an investment decision is shortly expected. The government is reserving EUR 223 million to ensure that implementation of existing climate policy remains on pace.

The government is investing EUR 1.5 billion on improving sustainability of the built environment and in expanding and broadening its energy-saving obligation. This includes the expansion of energy-saving obligations to ETS sectors, an expansion of tax advantages for entrepreneurs to invest in environmentally-friendly techniques (increasing support percentages of the environmental investment tax scheme for businesses (MIA)/arbitrary depreciation of environmental investments (VAMIL), and temporary additional budget for the period 2022-2024), as well as measures to accelerate the sustainability of owner-occupied and rental housing and social housing.

The government is making EUR 100 million available per year for 10 years to stimulate additional housing construction. This will sporadically be made available for additional housing construction over a period of 10 years, not for the acceleration of existing projects.

The government is investing in strengthening the rule of law, by combating subversive crime and providing proper access to justice. In this context, the government has decided to spend EUR 554 million in 2022 on curbing organised, subversive crime on the one hand and providing protection and security on the other to all those who need better protection during their work against subversion.

In August, the government took additional decisions in terms of the burden for entrepreneurs, citizens and housing corporations. The government has decided to use EUR 1 billion of the funds initially earmarked for the Job-related Investment Credit (BIK) to alleviate employer's contributions. The remaining part of the employer's contributions relief (EUR 0.8 billion) has been used elsewhere by the government. In this way, the government has structurally reduced expenditure by EUR 226 million for minimum-income households, single earners and families. From 2022 onwards, the government is also structurally making funds available to reduce the landlord levy by EUR 30 million. In addition, a new exemption of transfer tax is being introduced for reacquisitions of dwellings that are subject to Sale under Specified Conditions (*VoV*).

Revenue

After a decline in policy-related expenses in 2021, expenditure will increase in 2022. In recent years, the government has, on balance and in accordance with policy, reduced expenditure for citizens and increased it for businesses. This year, the burden will decrease by EUR 1.5 billion and will rise again in accordance with policy, by a total of EUR 3.2 billion in 2022. A major cause of this tax burden is the discontinuation of fiscal coronavirus measures, such as exemption of low VAT rates on face masks and care staff, among other things. Not including the phasing out of fiscal coronavirus measures, the burden in accordance with policy is set to rise by another EUR 2.1 billion in 2022. This tax burden is largely due to limitations in the loss setoff of corporation tax as from

2022. This is a measure that had already been decided last year. Moreover, a few smaller measures still have a tax-burdening effect, including the curtailment of extending the top rate tax point and the gradual scale down of tax-deductible items to the basic rate.

In 2021, revenues increase by EUR 13 billion compared to 2020. This is primarily driven by the economic recovery in 2021. This is reflected in Table 5.2. Endogenous growth is growth explained by the general economic development, which amounts to EUR 9.1 billion. Policy measures result in EUR 4.1 billion higher tax revenues on general government-based amounts compared to 2020. This increase is largely due to the major extent of fiscal corona support in 2020, which is more limited in 2021.

Taxes and social security revenues will grow by EUR 19.4 billion in 2022. In part, there is a documented explanation for this: the transformation of ProRail into an autonomous administrative authority constitutes approximately EUR 7.3 billion in tax revenues, mainly as corporation tax and dividend tax. However, this is offset by corresponding expenditure. In 2022, economic growth will result in a firm revenue increase of EUR 12.5 billion. This increase is attributable to both indirect taxes such as VAT and direct taxes such as the wage and income levy. Consumer spending continues to recover as corona restrictions are lifted, and it is also expected that contractual wages will rise further.

Taxes and social security revenues have declined less sharply due to the corona crisis than initially estimated, but tax deferral is still an uncertain factor. On the revenue side of the budget, taxes and social security revenues ‘fluctuate’ with the economy. This is called automatic stabilisation. This often means that revenues drop severely in poor economic periods. After the financial crisis, for example, it took until 2013 for revenues to reach the 2008 level again. The exceptional measures to help entrepreneurs during the corona crisis have largely taken over the role of the tax system as an automatic stabiliser. To help businesses, the Tax and Customs Administration offers entrepreneurs an easily accessible deferral of payment for a wide range of taxes. This option lapses on 1 October 2021, when entrepreneurs have to pay their current commitments again. As from 1 October 2022, entrepreneurs will be given sixty months to pay off the accrued debt.

Table 5.2 Taxes and social security revenues 2020-2022

In billions of euro	**2020**	**2021**	**2022**
Taxes and national social insurance contributions on general government-based amounts	231.0	242.2	259.1
of which taxes	194.3	202.5	221.6
of which national social insurance contributions	36.7	39.7	38.2
Employee insurance scheme contributions	69.6	71.6	73.1
Total	**300.6**	**313.8**	**334.1**
Change		13.2	20.4
of which endogenous growth		9.1	13.2
of which policy measures		4.1	7.2
Endogenous change (in %)		3.00%	4.20%
Value development GDP (in %)		6.20%	5.30%

CHAPTER 6:
POSSIBLE LINKS BETWEEN THE DRAFT BUDGETARY PLAN AND THE TARGETS SET IN COUNTRY-SPECIFIC RECOMMENDATIONS

Country-specific recommendations

Country-specific recommendation number	Measures (specific progress)
2021 Country-specific recommendations	
Country-specific recommendation 1: In 2022, pursue a supportive fiscal stance, including the boost provided by the Recovery and Resilience Facility, and preserve nationally financed investment. **Country-specific recommendation 2:** When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term.	**Country-specific recommendations 1 & 2** *Budgetary policy* During the corona crisis, the government has consistently pursued a stimulating budgetary policy aimed at job retention, income support, and preventing bankruptcies and long-term economic losses. In 2020 and 2021, the government spent almost EUR 70 billion on additional corona-related expenditure to respond to the crisis as best as possible. The fiscal policy stimulus is mainly due to the budget deficit and general government balance. The debt level rose from 48.6% in 2019 to 57.8% in 2021. As a result of the increasing vaccination rate, contact-restrictive measures are being scaled down and the economy is reviving. The government considers the fiscal policy stimulus to be less needed in relative terms, but continues to pursue ample fiscal policy to support the economy in this adaptive phase. Part of the fiscal policy stimulus included bringing planned expenditure and investments forward from later years to 2021. This also partly explains why the general government balance deteriorated considerably in 2021 compared to 2020. A budget deficit of 2.4% of GDP is also envisaged in 2022, which is significantly improved due to rapidly recovering economic growth. This ensures that fiscal policy continues to support the economy and makes headway in the green and digital 'twin transition'. The Study Group on Fiscal Policy has advised to take the economic and financial uncertainty in the aftermath of the corona crisis into consideration. It is for this reason, that it has advised not to intensify or cut-back expenditure compared with the projected expenditure in the CPB's medium-term forecast. In this way, a prudent budgetary policy is being put into effect, while there is still room for extraordinary expenditure in combating the crisis. *Corona support and recovery packages* The government has deployed several support packages because of the coronavirus. The measures are mainly aimed at job preservation (*NOW*), reimbursement of fixed costs for businesses (*TVL*) and providing income support to self-employed persons (*TOZO*) and households (*TONK*).

	In addition, there is additional support for sectors that are heavily affected by contact restrictions. A package has also been provided for social partners, municipalities, implementing organisations and schools, providing for proper counselling from unemployment to employment, for training, retraining and development, for combating poverty and problematic debt, for tackling youth unemployment and for protecting vulnerable groups in the labour market. In the Letter to Parliament dated 30 August 2021, the government announced that it would not extend the generic support package (*NOW*, *TVL*, *TOZO*, *TONK* and various tax measures) as from 1 October 2021. This letter also announced the government's further policy to improve transition to this new situation without generic support. Part of the previously announced social package will also continue at the end of 2021 and in 2022.[7] In 2022, the government will support the economy by almost EUR 12 billion worth of corona expenditure. *Recovery and Resilience Facility* The outgoing government believes that a solid and ambitious national Recovery and Resilience Plan (RRP) is needed. To that effect, a plan that will be fully endorsed by a future government, which will implement the plan. At present, measures within the framework of the RRP are part of the new government's coalition talks. The government aims to submit the Dutch plan in the spring of 2022, in view of the time limits that apply for allocation of the funds within the Recovery and Resilience Facility (RRF). *Growth Fund* In 2020, the government set up a National Growth Fund for public investment in sustainable earning capacity. For this purpose, the government makes an amount of EUR 20 billion available for a period of five years as from 2021. The fund aims to increase the sustainable earning capacity by investing in knowledge development, research and development and innovation, as well as infrastructure. In this way, we invest in our productivity, which will enable us to increase our prosperity in a broad sense and to address social challenges. In addition to the envisaged effect on long-term growth, investment can also contribute to economic growth and recovery in the short term. An independent advisory committee advises the government on the funding of proposals submitted. In the first and second round,

[7] The letters to parliament on support packages can be consulted via the following links:
Letter to Parliament on emergency package for employment and economy | Parliamentary Paper | Rijksoverheid.nl
Letter to Parliament on emergency package for employment and economy 2.0 | Parliamentary Paper | Rijksoverheid.nl
Letter to Parliament on support and recovery package | Parliamentary Paper | Rijksoverheid.nl
Letter to Parliament on support and recovery package third quarter 2021 | Parliamentary Paper | Rijksoverheid.nl
Letter to Parliament on support package in third quarter and announcement of support package fourth quarter | Parliamentary Paper | Rijksoverheid.nl

Country-specific recommendation 3: Pay particular attention to the composition of public finances, both on the revenue and expenditure side of the budget, and on the quality of budgetary measures to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth-enhancing investment, notably supporting the green and digital transition. Give priority to structural fiscal reforms that help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including the strengthening of coverage, adequacy, and sustainability of health and social security systems for all.	it concerns proposals developed by ministries (in conjunction with stakeholders). From the third round onwards, it will be possible for stakeholders to submit proposals directly to the fund. In the first round, EUR 216 million of resources was allocated, EUR 430 million was conditional and EUR 3.5 billion has been reserved. **Country-specific recommendation 3** *Composition of public finances for sustainable and inclusive recovery* By virtue of the government's outgoing status, this Draft Budget Plan is different from the usual one and the government is more cautious on a number of dossiers. In some areas, the government does take measures that it considers necessary, including climate policy. In addition to current climate policy, the government is investing more than EUR 6.7 billion on climate actions. This package aims to implement the Urgenda judgment, to achieve additional emission reductions and to work on the energy infrastructure of the future. Most of these funds, EUR 3 billion, will be allocated to an increase in the Stimulation of Sustainable Energy Production (SDE++) subsidy. This scheme contributes to sustainability through incentives in various technologies in the built environment, mobility, greenhouse horticulture and industry. The government will also allocate EUR 1.3 billion for hydrogen and heat infrastructure projects and earmarks EUR 600 million extra to provide incentives for zero-emission vehicles. *Digital Skills* Initial education can provide a good contribution to the development of digital skills. Therefore, specific strategies on digital education are implemented in primary, secondary and higher education. In addition, a multi-annual review of the curriculum is currently being prepared, which should result in enhanced education in digital literacy and skills. The government has also continued the programme 'Tel mee met Taal' [Be included with language], which aims to improve basic skills (language, arithmetic and digital know-how) of adults and thus accelerate the transition to digital skills. Furthermore, the government has defined 'Digital skills and inclusion' as one of the main priorities in the Dutch digitisation strategy (2021). Part of the strategy is to support teachers in improving their digital skills and improving digital teaching resources. The government is also taking action to improve the transition from education to the labour market. Regional cooperation between education and entrepreneurs is thus encouraged, through public-private partnerships. *Social security* The very low unemployment rate in the Netherlands, combined with a high labour market participation, means that the sustainability of social security, healthcare and pensions is

	sufficiently guaranteed, so too for the long term. Making the Dutch pension system more future-proof by means of the new pension contract, which was reported in 2020, also contributes significantly to this. The draft legislative proposal for the new pension contract has now been part of a public consultation, and the aim is that the legislative proposal will enter into force in January 2023 after the parliamentary debate, among other things.[8] *Sustainability in the long term* The Draft Budget Plan for 2022 shows that public finances are expected to come out stronger after the corona crisis, but there are risks and uncertainties. There are several challenges for sound public finances: 1) The long-term development of public finances. The expected increase in healthcare expenditure plays an important role in this; 2) Dealing with long-term economic uncertainties, such as uncertain interest rates and the economic consequences as a result of a possible re-emergence of debt problems in other European countries. When restrictions have been lifted and the economy revives after the corona crisis, the budgetary policy will be able to return to normal again. Long-term prudent budgetary policy can provide the necessary buffers to deal with these risks.

[8] See also the most recent Letter to Parliament *Stand van zaken uitwerking pensioenakkoord* [Status on elaboration of pension agreement] | Lower House of the States General

CHAPTER 7:
DIVERGENCE FROM LATEST STABILITY PROGRAMME

Public finances have marginally deteriorated compared to the 2021 Stability Programme. Additional corona-related measures and other urgent dossiers, such as climate expenditures and the combating of crime, have increased since the latest Stability Programme and have burdened the balance further.

Table 7.1 Divergence from latest Stability Programme

		2020	2021	2022
	ESA Code	% of GDP	% of GDP	% of GDP
Target general government net lending/net borrowing	B.9			
Stability Programme		-4.3	-5.9	-1.7
Draft Budgetary Plan		-4.3	-6.0	-2.4
Difference		0.0	-0.1	-0.7

Since the 2021 Stability Programme, economic growth projections have improved. Economic recovery in the Netherlands is stronger than anticipated, which has shifted the focus from direct support measures to economic transitions, notably for climate and digitisation.

Difference in forecasts between the European Commission (EC) and the Netherlands Bureau for Economic Policy Analysis (CPB)

	EC - spring forecast		EC - summer forecast		Budget Memorandum	
	2021	2022	2021	2022	2021	2022
GDP growth	2.3%	3.6%	3.3%	3.3%	3.9%	3.5%
General government balance	-5.0%	-1.8%			-6.0%	-2.4%
Government debt	58.0%	56.8%			57.8%	57.7%

Source: EC, CPB

The EC is a little more pessimistic about growth in 2021 and 2022 compared to the CPB. In fact, in the summer forecast, the EC assumed a growth of 3.3% of GDP for both 2021 and 2022. The CPB, on the other hand, forecasts a growth of 3.9% in 2021 and 3.5% in 2022. A large part of the higher growth forecast for 2021 is attributable to the higher (actual) recovery growth in recent months.

The general government balance based on the CPB forecasts in the Budget Memorandum is more negative than the European Commission's spring forecast. For the years 2021 and 2022, the EC forecasts budget deficits of 5.0% and 1.8% of GDP, respectively. In contrast to rapidly improving economic developments in 2021, there are additional corona measures and other urgent dossiers, such as climate expenditures and the combating of crime that have increased since the European Commission's spring forecast and burdened the balance further.

According to the CPB forecast, public debt in 2021 is lower than forecast in the European Commission's spring forecast, but higher in 2022. According to the EC, the debt ratio would reach 58.0% of GDP in 2021. The difference is partly the result of a denominator effect, as the economy recovers faster according to the CPB forecast. Due to additional expenditure for urgent dossiers and extended corona measures (for both 2021 and 2022), the debt ratio according to the CPB forecast, will not decrease as much in 2022 than in the European Commission's forecast.

CHAPTER 8:
DISTRIBUTIONAL IMPACT OF MOST IMPORTANT EXPENDITURE AND REVENUE MEASURES

The development of purchasing power is more or less neutral. The impact of the corona crisis on the economy has remained limited, partly because of the support packages. For example, the impact on unemployment and on spending power have remained limited. The purchasing power effect shows how average disposable income of households develops. The purchasing power effect assumes that nothing changes in the personal circumstances of households (also referred to as static purchasing power). The purchasing power effect is slightly positive. Of the example households shown below, only the single-income households will experience a relatively worse position, which is attributable to the scale down in transferability of the general tax credit. The government has taken a number of minor measures to ensure that the development in purchasing power is balanced. For example, healthcare allowances and the child-related budget have been intensified to include support to minimum-income households and single-income households, and the employed person's tax credit for single-income households and higher incomes is being scaled down more slowly.

Table 8. Development in purchasing power for various household groups (%)

	2022
Income group	
1st	0.2
2nd	0.1
3rd	0.1
4th	0.1
5th	0.0
Source of income	
Working households	0.1
Benefit recipients	0.2
Pensioners	0.1
Household type	
Double-income households	0.1
Single householders	0.1
Single-income households	-0.1
Family composition	
With children	0.1
Without children	0.1
All households	0.1

ANNEX 1:
METHODOLOGICAL ASPECTS INCLUDING FORECAST EFFECTS OF AGGREGATED BUDGETARY MEASURES FOR ECONOMIC GROWTH

Table B1.1 Methodological aspects

Estimation technique	Steps of the budgetary process for which it was used	Relevant features of the model/technique used
SAFFIER II	Macro forecast for the Dutch economy in the short and medium term	Macro-econometric model
MIMOSI	Forecasts of purchasing power, employee costs, social security and personal income tax	Micro simulation model
MICSIM	Forecast of policy effects on structural labour supply	General equilibrium model
ISIS	Forecast trend structural labour supply	HP-filter
TAXUS	Short and medium term forecast of tax revenue (with the exception of personal income tax)	Detailed forecast tax revenue
ZOEM	Forecast of healthcare expenditure and employment in healthcare sector	Arithmetic model for employment in healthcare sector and for healthcare expenditure in the short and medium term
Government account	Forecast of government employment, public expenditure and revenue, with the exception of taxes, healthcare and social security	Detailed arithmetic model for government employment and for total public finances in the short and medium term
EVIEWS in combination with EC software	Forecast output gaps	Econometric model

Modelling tools may have been used:

- when compiling macro forecasts
- when estimating expenditure and revenue at an unchanged policy scenario
- when estimating the distributional impact of the main expenditure and revenue measures
- when quantifying the expenditure and revenue measures to be included in the Draft Budget
- when estimating how reforms included in the Draft Budgetary Plan address targets set by the Union's Strategy for growth and jobs and the country-specific recommendations.

ANNEX 2:
TABLES OF DRAFT BUDGETARY PLAN

Table 0.i) Basic assumptions

In %	2019	2020	2021
Short-term interest rate (annual average)	-0.4	-0.5	-0.5
Long-term interest rate (annual average)	-0.4	-0.3	-0.3
USD/EUR exchange rate (annual average)	1.14	1.19	1.18
Nominal effective exchange rate	2.1	0.8	-0.1
World excluding EU 28, GDP growth	-2.4	6.4	4.5
EU 28 GDP growth	-3.2	6.1	4.5
Growth of relevant foreign markets	-6.6	4.9	4.3
World import volumes, excluding EU	-9.3	6.6	6.6
Oil prices (Brent, USD/barrel)	-8.3	8.8	4.7

Table 0.ii) Main assumptions

	2020	2021	2022
1. External environment			
a. Prices of commodities (raw materials excluding energy (HWWI), euros)	-25.5	61.1	0.6
b. Spreads over the German bonds	0.1	0.0	0.0
2. Budgetary policy			
a. General government net lending/net borrowing	-34.0	-50.7	-21.3
b. General government gross debt	434.9	490.9	516.6
3. Monetary policy/Financial sector/interest rate assumptions			
a. Interest rates:			
i. Euribor			
ii. Deposit rate			
iii. Interest rates for loans			
iv. Yields at maturity of 10 year government bonds	-0.4	-0.3	-0.3
b. Evolution of deposits			
c. Evolution of loans			
d. NPL trends			
4. Demographic trends			
a. Evolution of working-age population	0.4	0.3	1.2
b. Dependency ratios	71.1	70.9	71.7
5. Structural policies			

Table 1.a. Macroeconomic prospects

in % of GDP	ESA Code	2020 (billions of euro)	2020	2021	2022
1. Real GDP	B1*g	800.1	-3.8	3.9	3.5
1.1. which are attributable to the estimated impact of aggregated budgetary measures on economic growth					
2. Potential GDP			1.3	1.6	1.2
Of which contributions:					
- labour			0.7	0.8	0.3
- capital			0.4	0.5	0.5
- total factor productivity			0.2	0.3	0.3
3. Nominal GDP	B1*g		-1.6	6.2	5.3
Components of real GDP					
4. Private final consumption expenditure	P.3	335.2	-6.6	2.4	5.8
5. Government final consumption expenditure	P.3	207.6	1.0	6.0	1.5
6. Gross fixed capital formation	P.51	170.4	-4.1	4.4	2.4
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	3.5	-0.3	-0.6	0.2
8. Exports of goods and services	P.6	622.9	-4.8	6.8	5.4
9. Imports of goods and services	P.7	539.6	-5.5	6.5	6.4
Contributions to real GDP growth					
10. Final domestic demand		713.3	-3.6	3.3	3.2
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	3.5	-0.3	-0.6	0.2
12. External balance of goods and services	B.11	83.3	0.0	0.9	-0.1

Table 1.b. Price developments

Changes	2020	2021	2022
1. GDP deflator	2.3	2.3	1.8
2. Private consumption deflator	1.5	2.1	1.8
3. Harmonised index of consumption prices (HICP)	1.1	1.9	1.8
4. Public consumption deflator	2.7	2.7	1.2
5. Investment deflator	2.9	3.3	2.9
6. Export price deflator (goods and services)	-2.5	5.8	1.2
7. Import price deflator (goods and services)	-3.4	6.8	1.3

Table 1.c. Labour market developments

Changes	ESA Code	2020 Level	2020	2021	2022
1. Employment, persons		9544.1	-0.5	0.9	1.1
2. Employment, hours worked		13427.1	-2.7	2.3	1.8
3. Unemployment rate (%)		356.6	3.8	3.4	3.5
4. Labour productivity, persons		83.8	-3.3	2.9	2.4
5. Labour productivity, hours worked		59.6	-1.2	1.4	1.4
6. Compensation of employees	D.1	402.6	3.5	2.9	3.0
7. Compensation per employee		42.2	7.0	-0.3	1.3

Table 1.d. Sectoral balances

in % of GDP	ESA Code	2020	2021	2022
1. Net lending/net borrowing vis-à-vis the rest of the world	B.9	7.0	8.2	8.9
Of which:				
- Balance on goods and services		10.4	10.6	10.0
- Balance of primary incomes and transfers		-1.7	-0.6	0.0
- Capital account		-1.7	-1.8	-1.2
2. Net lending/net borrowing of the private sector	B.9	11.1	13.4	11.1
3. Net lending/net borrowing of general government	B.9	-4.2	-5.4	-2.3
4. Statistical discrepancy				

Table 2.a. General government budgetary targets broken down by subsector

in % of GDP	ESA Code	2021	2022
Net lending/net borrowing by subsector			
1. Government	S.13	-6.0	-2.4
2. Central government	S.1311	-6.8	-2.7
3. State government	S.1312		
4. Local government	S.1313	-0.3	-0.3
5. Social security funds	S.1314	1.1	0.6
6. Interest expenditure	D.41	0.5	0.4
7. Primary balance		-5.5	-2.0
8. One-off and other temporary measures		0.0	0.0
8a. *Of which: on the revenue side*		0.0	0.8
8b. *Of which: on the expenditure side*		0.0	-0.8
9. Real GDP growth (%) (= 1 in Table 1.a)		3.9	3.5
10. Potential GDP growth (%) (= 2 in Table 1.a)		1.6	1.2
Contributions:			
- labour		0.8	0.3
- capital		0.5	0.5
- total factor productivity		0.3	0.3
11. Output gap (% of potential GDP)		-1.7	0.5
12. Cyclical budgetary component (% of the potential GDP)		-1.0	0.3
13. Cyclically-adjusted balance (1 - 12) (% of potential GDP)		-5.0	-2.7
14. Cyclically-adjusted primary balance (13 + 6) (% of potential GDP)		-4.5	-2.3
15. Structural balance (13 - 8) (% of the potential GDP)		5.0	2.7

Table 2.b General government debt developments

in % of GDP	ESA Code	2021	2022
1. Gross debt		57.8	57.7
2. Change in gross debt ratio		3.1	0.0
Contributions to changes in gross debt			
3. Primary balance (= item 7 in Table 2.a.i)		-5.5	-2.0
4. Interest expenditure (= item 6 in Table 2.a.i)	D.41	0.5	0.4
5. Stock-flow adjustment		-2.8	-2.3
Of which:			
- Differences between cash and accruals		0.8	0.3
- Net accumulation of financial assets		0.4	0.2
Of which:			
- privatisations		0.1	0.1
- valuation effects and other			
p.m.: Implicit interest rate on debt		0.8	0.7
Other relevant variables			
6. Liquid financial assets		-1.1	0.2
7. Net financial debt (7=1-6)		58.9	57.6
8. Debt amortization (existing bonds) since the end of the previous year		1.9	3.4
9. Percentage of debt denominated in foreign currency*		0.0	0.0
10. Average maturity		7.6	7.6

Table 2.c Contingent liabilities

in % of GDP	2021	2022
Public guarantees	24.8	23.6
Of which: related to the financial sector	19.7	18.7

Table 3.1 General government expenditure and revenue targets, broken down by main components.

in % of GDP		2021	2022
General government (S.13)	ESA Code		
1. Total revenue at unchanged policy	TR	42.88	42.2
Of which:			
1.1. Taxes on production and imports	D.2	12.1	12.1
1.2. Current taxes on income, wealth, etc.	D.5	12.9	13.0
1.3. Capital taxes	D.91	0.3	0.3
1.4. Social contributions	D.61	13.4	12.9
1.5. Property income	D.4	0.4	0.4
1.6. Other		3.6	3.5
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		38.8	38.3
2. Total expenditure at unchanged policy	TE	48.1	44.5
Of which:			
2.1. Compensation of employees	D.1	8.6	8.5
2.2. Intermediate consumption	P.2	6.9	6.3
2.3. Social payments	D.62	22.1	21.8
Of which: Unemployment benefits	D.632	1.3	1.3
2.4. Interest expenditure	D.41	0.5	0.4
2.5. Subsidies	D.3	3.8	1.6
2.6. Gross fixed capital formation	P.51	3.7	3.5
2.7. Capital transfers	D.9	0.6	0.6
2.8. Other		1.9	1.7

Table 4.a General government expenditure and revenue targets, broken down by main components.

in % of GDP		2021	2022
General government (S.13)	ESA Code		
1. Total revenue at unchanged policy	TR	42.8	42.2
Of which:			
1.1. Taxes on production and imports	D.2	12.1	12.1
1.2. Current taxes on income, wealth, etc.	D.5	12.9	13.0
1.3. Capital taxes	D.91	0.3	0.3
1.4. Social contributions	D.61	13.4	12.9
1.5. Property income	D.4	0.4	0.4
1.6. Other		3.6	3.5
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		38.8	38.3
2. Total expenditure at unchanged policy	TE	48.1	44.5
Of which:			
2.1. Compensation of employees	D.1	8.6	8.5
2.2. Intermediate consumption	P.2	6.9	6.3
2.3. Social payments	D.62	22.1	21.8
Of which: Unemployment benefits	D.632	1.3	1.3
2.4. Interest expenditure	D.41	0.5	0.4
2.5. Subsidies	D.3	3.8	1.6
2.6. Gross fixed capital formation	P.51	3.7	3.5
2.7. Capital transfers	D.9	0.6	0.6
2.8. Other		1.9	1.7

Table 4.b Amounts to be excluded from the expenditure benchmark

in % of GDP	ESA Code	2020 (billion euro)	2020	2021	2022
1. Expenditure on EU programmes fully matched by EU funds revenue		0.2	0.0	0.0	0.0
1a. Investment expenditure fully matched by EU funds revenue		0.1	0.0	0.0	0.0
2. Cyclical unemployment benefit expenditure*		0.4	0.0	-0.0	0.0
3. Effect of discretionary revenue measures		-9.1	-1.1	0.3	0.9
4. Revenue increases mandated by law		-0.8	-0.1	0.2	-0.1

*This item contains: Unemployment Act (WW), social assistance benefit for the self-employed, implementation costs of the Employee Insurance Agency (UWV), 60+ unemployment benefits (IOW), mobility bonus for older beneficiaries and the occupationally disabled, *BUIG* and revenue of government implementation fund (UFO)

4.c.i) General government expenditure on education, healthcare and employment

In %	2021		2022	
	% of GDP	government expenditure	% of GDP	government expenditure
Education	4.8	40.7	4.5	40.0
Healthcare	8.9	75.2	8.0	71.5
Employment*	0.3	2.8	0.3	2.6

*This item contains: Participation Budget and Sheltered Employment Act (WSW, since 2015 via social participation fund), reintegration programmes for occupationally disabled, 50+ workforce participation, sector plans, life-course transitional arrangement, contribution reduction for youth, start-up deduction in case of disability, youth unemployment approach and low-income benefit.

4.c.ii) Classification of functions of the Government

in % of GDP		2021	2022
Functions of the Government	COFOG Code		
1. General public services	1	2.3	2.3
2. Defence	2	0.9	0.9
3. Public order and safety	3	1.4	2.5
4. Economic affairs	4	4.2	2.5
5. Environmental protection	5	0.1	0.1
6. Housing and community amenities	6	0.1	0.1
7. Health	7	8.9	7.9
8. Recreation, culture and religion	8	0.4	0.3
9. Education	9	4.8	4.6
10. Social protection	10	12.6	12.2
11. Total Expenditure (= item 2 in Table 2.c.i)	TE	44.4	39.7

Supplement to Table 1a. Number of guarantees launched/announced

Measures		Maximum amount or contingent liabilities[1] (% or GDP)	Estimated take-up (% of GDP)
In response to COVID-19	See Table 1b 'Dutch guarantees relating to COVID-19'	4.9%	0.008%
	Of which: related to the European Union	*4.2%*	*0.00001%*
	Sub total	4.9%	0,008%
Other	See Table 1c 'Other Dutch guarantees'	19.9%	0.029%
	Sub total	19.9%	0.029%
	Total	**24.8%**	**0.1%**

Supplement to Table 1b. Dutch guarantees relating to COVID-19

			Outstan-ding guaran-tees	Esti-mated to be granted	Esti-mated to mature	Outstan-ding guaran-tees	Guaran-tee ceiling	Esti-mated to be granted	Esti-mated to mature	Outstan-ding guaran-tees	Guaran-tee ceiling	Total ceiling
b	a	Description	2020	2021	2021	2021	2021	2022	2022	2022	2022	
IXB	4	Support to mitigate Unemployment Risks in an Emergency (SURE)	6,071.2	62.5		6,133.7				6,133.7		6,133.7
IXB	4	Next Generation EU (NGEU)	27,401.1	472.4		27,873.5				27,873.5		27,873.5
IXB	4	EIB - pan-European Guarantee Fund	1,301.4			1,301.4				1,301.4		1,301.4
IXB	3	Guarantee KLM	2,160.0			2,160.0				2,160.0		2,160.0
IXB	5	Reinsurance supplier credits	11,972.1		11,907.1	65.0				65.0		65.0
XIII	2	Guarantee facility for SME Corona loans (BMKB)	426.3	735.0	103.8	1,057.5	735.0		199.9	857.7		
XIII	2	Business Finance Guarantee Scheme (Corona GO-facility)	557.1	2,100.0	267.8	2,389.3	2,100.0		311.4	2,077.9		
XIII	2	Growth facility	51.8	85.0	10.8	126.0	85.0	85.0	14.3	196.7	85.0	
XIII	2	Small Credit Corona scheme (KKC)	36.4	250.0	2.9	283.5	250.0		14.1	269.4		
XIV	21	Guarantee facility SME - Corona Agricultural Credits (BL-C)*	54.5	125.5		180.0			14.0	166.0		180.0
XVI	1	Open Netherlands Foundation Guarantee		2.5		2.5			2.5			2.5
XVI	1	Test materials guarantee	214.4	6.6	221.0							
XVI	1	Analysis capacity guarantee (COVID-19)		151.6	151.6							
Subtotal Corona-related guarantees			50,246	3,991	12,665	41,572	3,170	85	556	41,101	85	37,716
Subtotal regular guarantees			183,185	11,960	26,093	169,052	11,383	11,407	10,649	169,810	11,361	147,658
Total			233,431	15,951	38,758	210,624	14,553	11,492	11,205	210,911	11,446	185,374

Supplement to Table 1c. Other Dutch guarantees

			Outstanding guarantees	Estimated to be granted	Estimated to mature	Outstanding guarantees	Guarantee ceiling	Estimated to be granted	Estimated to mature	Outstanding guarantees	Guarantee ceiling	Total ceiling
b	a	Description	2020	2021	2021	2021	2021	2022	2022	2022	2022	
V	3	Council of Europe	176.7			176.7				176.7		176.7
VIII	7	Building loans academic hospitals	138.5			138.5				138.5		176.6
VIII	14	NRF counter-guarantor agreement	350.9	27.4	17.3	361.0				361.0		380.0
VIII	14	Indemnity regulation	70.9	140.8	37.1	174.6				174.6		300.0
IXB	2	Single Resolution Fund	4,163.5			4,163.5				4,163.5		4,163.5
IXB	2	Facility for nuclear disasters (WAKO)	9,768.9		568.9	9,200.0				9,200.0		9,200.0
IXB	3	Development Finance Company (FMO)	5,507.0			5,507.0				5,507.0		5,507.0
IXB	4	Asian Infrastructure Investment Bank (AIIB)	672.3	6.6		678.9				678.9		678.9
IXB	4	DNB - participation in IMF capital	43,152.4		14,832.1	28,320.3				28,320.3		28,320.3
IXB	4	European Bank for Reconstruction and Development (EBRD)	589.1			589.1				589.1		589.1
IXB	4	European Financial Stabilisation Mechanism (EFSM)	2,771.6	2.7		2,774.3				2,774.3		2,774.3
IXB	4	European Financial Stability Facility (EFSF)	34,154.2			34,154.2				34,154.2		34,154.2
IXB	4	European Investment Bank (EIB)	11,796.0			11,796.0				11,796.0		11,796.0
IXB	4	European Stability Mechanism (ESM)	35,423.7		60.1	35,363.7			24.7	35,338.9		35,363.7
IXB	4	EU Balance-of-payments (BoP) assistance	3,712.0	64.0		3,776.0				3,776.0		3,776.0
IXB	4	World Bank	4,932.1	48.6		4,980.7				4,980.7		4,980.7
IXB	5	Export credit insurance (EKV)	18,842.1	10,000.0	10,000.0	18,842.1	10,000.0	10,000.0	10,000.0	18,842.1	10,000.0	
XIII	2	Guarantee facility for SME loans (BMKB)	1,806.7	765.0	401.1	2,170.5	765.0	765.0	438.1	2,497.4	765.0	
XIII	2	Business Finance Guarantee Scheme (GO-facility)	404.0	400.0	46.2	757.8	400.0	400.0	60.5	1,097.3	400.0	
XIII	2	Microcredits	130.0	17.4	17.4	130.0			13.9	116.1		130.0
XIII	2	SME financing	228.2	0.0		228.2				228.2		268.2
XIII	4	Geothermal heat	12.6	66.6		79.2	66.6	44.2		123.4	44.2	
XIV	21	Guarantee facility SME agricultural credits (BL, BL plus and agricultural innovation)	329.4	78.2	33.0	374.6	78.2	78.2	38.0	414.8	78.2	
XIV	22	Guarantee for nature reserves and landscapes	305.3		20.4	284.9			20.1	264.8		305.3
XVI	2 & 3	Healthcare institutions	195.4		29.8	165.6			27.6	138.0		165.6
XVII	1	Dutch Good Growth Fund (DGGF) Guarantee	124.3	50.0		174.3		50.0		224.3		675.0
XVII	1	Guarantee DRIVE	52.4			52.4	55.0			52.4	55.0	
XVII	1	Dutch Trade and Investment Fund (DTIF)	18.9	24.0		42.9		24.0		66.9		140.0
XVII	3	International Finance Facility for Education (IFFed)		222.5		222.5				222.5		222.5
XVII	5	Regional development bank guarantees	3,063.8		14.6	3,049.2			10.2	3,039.1		3,067.3
Other			291.9	46.0	14.7	323.2	18.4	45.6	16.2	352.6	18.4	347.2
Subtotal regular guarantees			183,185	11,960	26,093	169,052	11,383	11,407	10,649	169,810	11,361	147,658