



The Netherlands

Assessment of the 2008-2010 National Reform Programmes for Growth and Jobs from a social inclusion perspective: The extent of synergies between growth and jobs and social inclusion policies

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Summary

The 2008 Progress report on the Dutch National Reform Programme for 2005 – 2008 starts with the ambitions of the Dutch government concerning the NRP and the macro economic development of the previous period. An overall view on the social impact ambition and assessment, however is missing. Also the examples of good practice seem to be recent initiatives and are not assessed yet.

As in our previous year's report we can conclude that for the Netherlands, it is difficult to assess the feeding in / feeding out issue between the NSRSPSI and the NRP. Some references to the NSR in the NRP are made, but how the NRP is linked to social inclusion objectives and approaches remains implicit. Keeping purchasing power of citizens intact as much as possible is the only explicit measure linked to the NSR Social Inclusion/Social Protection, but this measure of the NRP is not targeted at the most vulnerable citizens.

Feeding out - employment is the most important link to the NSR since the focus on labour market participation creates possibly more economic independency for vulnerable groups. The Dutch government distinguishes three structural ways to enhance labour market participation: bring more people to work, create work security for everybody, and make people stay longer on the labour market. In general, the Dutch government focuses on mobilising the non used labour potential (more in particular women, older workers and job seekers) in terms of hours and persons. With regard to women the family friendly policies include more flexibility of working time and more flexibility of opening hours; more structural gender imbalances such as the share of men in household tasks (fulltime minus) and the gender pay gap remain undiscussed in the NRP. The employment targets of women, older workers and minority groups have been reached within the Netherlands, but the social effects of employment policies are almost not explicitly mentioned.

Feeding out – economic growth and financial sustainability: the impact of inflation on the purchasing power of different income categories is the only and implicit link in the NRP to social inclusion.

In the NRP there is less evidence of feeding in than of feeding out aspects. Feeding in measures mentioned in the NRP are: the "Thousand-and-one Force" plan, that fosters the social inclusion of 50,000 ethnic minority women through volunteering and/or a job; the Delta plan for civic integration; and initiatives concerning the fight against illiteracy, the school performance of migrants and to combat early school leaving.

With regard to governance it is mentioned in the NRP that "as in previous years" social partners, regional and local governments have contributed to the NRP. There remains an imbalance between the NRP and the NSR, in that NGOs, the voluntary sector and organisations of people experiencing poverty and social exclusion are not heard within the framework of the NRP.

1. Overall assessment of implementation 2005-2008 NRP

The NRP 2008-2010 gives no comprehensive overview of the progress made in the previous period. The introductory chapter includes a description of macro economic developments in the previous period, such as the evolution of GDP since 2005. Progress that has been made is mostly described within each section, in relation to the policy measures actually planned. An overall view on the social impact ambition of the NRP is missing, as well as a social impact assessment.

In relation to social inclusion, the employment chapter of the NRP is of course crucial. The second section (NRP, section 4.2, p. 49-51) of that chapter gives some figures about the progress in participation rates of the Dutch population. These figures are disaggregated for women and for older people (55-64). The Dutch government realises that the general Lisbon targets give a somewhat flattered image, because of the importance of small part-time jobs in the Netherlands. Therefore, the report includes a table giving the evolution of participation rates (2002 – 2007), counting only jobs of 12 hours or more a week. At the same time, government adapts its ambitions (national targets) to these figures. A 45% participation rate for older workers (55-64) seems not over-ambitious. More so, because this rate is almost realised in 2007 (44.9%). Moreover, it would be helpful if the figures for older workers would be disaggregated for gender and for two age groups (55-59 / 60-64), because of the more vulnerable position of older women and their risk of poverty. As to ethnic minorities, the target is a proportional increase, but it is not clear against which figure this is measured. Is it the overall increase? But then it does not reflect any particular effort to make up for the weak position of ethnic minorities. If it would be proportional to other weak labour market categories, such as women and older people, then the figures of ethnic minorities stay behind (+ 2.7% for immigrants, against +7.5% for older people and +4.1% for women between 2002 and 2007).

In relation to the promotion of human capital (NRP, section 4.4, p. 62), a table is included giving the objectives for 2010 and the progress between 2003 and 2007 for: early school leavers; % of the age group 20-24 with a diploma of higher secondary education; % of adults taking part in life long learning. More in particular, early school leaving has important links to social inclusion. Some progress has been made here between 2003 and 2007 (decrease in the number of early school leavers from 14.2% to 12%), but a major effort will be needed (and has been described both in the NRP and the NSRSPSI) to reach the target of 8% in 2010.

Throughout the NRP, examples of (local or regional) good practice are described in boxes. Within the section “investing in human capital” (NRP, section 4.4.1, p. 63) two examples are described with great potential impact on social inclusion:

- The so-called “learn-work-service centres” or “HRM service centres” in the province of North-Brabant. They use tools to evaluate existing competencies (even without diploma’s) and they focus on lower skilled people to motivate them for training and education.
- The four biggest cities (G4 – Amsterdam, Rotterdam, The Hague, Utrecht) developed a comprehensive approach (*sluitende aanpak*) for young school leavers in order to limit the number of unqualified youth. Unemployed qualified youth are linked to an employer, while unqualified school leavers are closely accompanied to education, training or work.

The results and outcomes of these initiatives are not described in the NRP, most probably because they are rather recent initiatives and not yet assessed.

2. Overall assessment of 2008-2010 NRP

In a preliminary remark, the authors of the NRP stress the importance – in line with the Spring 2008 European Council – of further integrating economic, employment and social policies. They mention therefore the parallel development of the NRP and the NSRSPSI and their complementarity. Both reports reflect the overarching objectives of the current Dutch government, i.e. to increase social and labour market participation of all citizens. Therefore it is difficult to distinguish feeding in from feeding out between NRP and NSRSPSI.

In our assessment of the 2007 NRP Implementation Report we concluded that the references to the NSR were a “clear sign that Dutch government wants to stress the coherence between its plans for Growth and Jobs within the renewed Lisbon Agenda and the plans within the social inclusion agenda. This means more attention for feeding out / feeding in between the two policy agendas.” The 2008-2010 NRP confirms this tendency, with a more detailed elaboration of the government’s ambitions, as it is formulated: “in collaboration with devolved authorities and social partners... and consistent with the recommendation, the challenge (*of the Spring European Council, eds.*) and the priority themes.” The recommendation of the Spring 2008 Council was to improve labour supply, the challenge was to increase private R&D investments. The policy reaction to the recommendation is summarised in a table (table 1.2, NRP p.8) concentrating on the labour supply among women, older workers and vulnerable groups. Even if these measures are formulated from a labour market perspective, the social dimension is clearly present in a number of these. But the authors of the NRP themselves seem to struggle with the “perspective” taken by some measures. The measure to increase the activity rate (in terms of education or work) of social assistance benefit claimants up to 27 years of age is defined either as a “work-learning *right*” or as a “work-learning *obligation*” throughout the NRP.

Although the link between the NRP and the NSRSPSI is mentioned several times in more general terms, the feeding in / feeding out between both reports remains implicit.

The NRP mentions the risk of an increasing salary/price circle, due to the shortage of labour supply and increase of inflation (prices of oil and food), while the economic slowdown would need limited income increase requirements. In order to keep purchasing power of citizens as much as possible intact, government is prepared to forget about the planned increase of VAT levels and to abolish temporarily the unemployment contribution of employees. This is the only measure in the NRP with a clear link to the impact of current economic developments for citizens. But this measure is not targeted at the most vulnerable citizens.

2.1. Feeding out – Employment

Summarising policies in the field of labour market participation, the NRP says that current government “focuses on labour market participation, in line with the recommendation, develops flexibility and security on the labour market, with a long term perspective.”

The Dutch Committee Labour Participation (Commissie Arbeidsparticipatie) distinguishes three ways to increase labour participation in a structural way: bring more people to work, create work

security for everybody, and make people stay longer on the labour market. The measures of government are in line with these three strands.

One of the main targets of government is to help 200,000 people with a weak position on the labour market finding a job. This measure will include 75,000 social assistance benefit claimants and 25,000 people without a benefit, or being long term unemployed or on disability pension (NRP, p. 49). In so far as this creates more economic independency for vulnerable groups, this is a clear example of feeding out.

Generally speaking, Dutch government wants to focus on mobilising the non used labour potential (more in particular women, older workers and job seekers) in terms of hours and persons. Therefore it is important, according to the NRP, to “make work pay”. Calculations have been made showing that more in particular the decrease of unemployment contributions and the income related negative income tax for combining work and care for the household (Inkomensafhankelijke combinatiekorting, IACK) have a positive impact on incentives for job acceptance.

Let's look in somewhat more detail to the different target population categories of (new) employment measures.

Women

Measures to increase the labour supply of women are to be implemented in the fields of taxation, child care, the weekly number of hours worked, family friendly policies and the increase of numbers of women in higher positions.

A clear example of feeding out are the measures taken (under the heading of child care) to further develop community schools and pre-school education. These initiatives will certainly increase chances and social inclusion of the most vulnerable groups.

Another example is the Taskforce Part-time Plus targeted at the 1.5 million women with a part time contract up to 25 hours a week. Part of this population are lone parents (mostly women) with children. Government recognises that part time work of women is i.a. influenced by context and cultural factors. The Taskforce Part-time Plus will start campaigning about these issues. The NRP does not mention to what extent this campaigning will include focusing on the share that men take in the care for the household, and the cultural barriers in this respect (in the work place and beyond), because this is one of the crucial factors in a more equal division of paid work between men and women. Also the gender pay gap remains undiscussed in the NRP.

In the NRP, family friendly policies include increasing flexibility of working time (and place), with more influence of the individual employee, and also more flexibility of opening hours of private and public services. These are certainly measures with potential for increasing the labour market participation of lone parents with children (an important part of social assistance benefit claimants).

Older workers

Employment policies for older workers will be targeted at two categories: the category up to the official retirement age of 65 and people above 65. The NRP sees its efforts in the light of optimal use of knowledge, expertise and talents of older people. These are clearly objectives of social inclusion. At the same time, the overall objective of increased labour market participation of older workers is linked to the sustainability of social security and pension systems.

One of the measures to increase the participation rate of 50+ workers is targeted at employers, giving them a social contribution reduction when hiring 50+ unemployed people or keeping 62+ workers in the company. This measure will be focused more than in the past on the low skilled, which gives it even more clearly a feeding out perspective.

Also the possibilities for people to continue working after the official retirement age will be enlarged, which could have a positive effect on poverty, more in particular for people with an uncomplete first pillar old age pension. However, this specific impact is not mentioned in the NRP.

Vulnerable groups

A few financial incentives for both employees and employers will be created or made available more easily in order to make work pay (income related negative taxation) or to make work less expensive (salary cost subsidies). Also the possibilities for municipalities to stimulate the unemployed to experience working while keeping the social assistance benefit (in so-called participation places) will be enlarged and from 2009 on a measure to include training and allow extra financial bonuses will be implemented.

Specific categories of vulnerable groups as mentioned in the NRP are people declared partially unable to work, handicapped youth, people in sheltered employment, social assistance benefit claimants, ethnic minorities and youth.

Generally speaking, measures for all vulnerable groups are taken in the perspective of “work above benefit” (NRP, p. 59). Although there is more attention in this NRP than in previous ones for the precarious income situation of vulnerable groups, there remains a tension between the basic paradigm of the Dutch government and the three pillar approach in the European Commission recommendation on active inclusion. The latter focuses much more on equal importance of the three pillars: a decent income, access to the labour market and access to services (health, housing...).

On the other hand, local authorities and social security implementation organisations (UWV) will get more discretionary power (both in budgetary terms and in terms of tailor made actions) as to assure the social and economic inclusion of the most vulnerable groups. (NRP, p. 59)

With the local Centres for Work and Income (CWI), an agreement has been reached to find a “learn-job” (leerbaan) for 30,000 unqualified ethnic minority youth within 3 years. (NRP, p. 60) Here again, the “learn or work *right*” for social assistance benefit claimants up to the age of 27 is mentioned.

Flexicurity

A separate section in the NRP covers the different aspects of flexicurity. Some flexibility aspects (working time and place, opening hours of services) have already been mentioned. Government also wants to make labour contracts more flexible, changes the concept of “appropriate” jobs in relation to job acceptance by the unemployed and promotes self-employment. A policy ambition with potential feeding out impact is the improvement of job security through “from work to work” initiatives. Prevention of unemployment through training, life long learning and early mediation in case of redundancy are the ambitions of government. It is not clear however, how these ambitions will be realised.

Promoting human capital

The promotion of life long learning with initiatives financed through employment related funding can be considered as feeding out from the NRP to social inclusion. The government urges social partners to come to agreements about individual education and training rights to be financed by the branche funds for education and training. Furthermore, the Committee for labour market participation (Commissie Arbeidsparticipatie) suggested the creation of an individual “work budget” that could be used for income support (e.g. in case of paternal leave or part time retirement) or for education or training. The government intends to negotiate with social partners about initiatives to ensure that new initiatives will help to realise equal chances in life long learning for all workers. At this stage, the lower educated, older workers and people with small part time jobs have no equal learning rights.

2.2. Feeding out – Economic growth and financial sustainability

The sections on macro economic and micro economic policies do (almost) not refer at all to their potential social inclusion impacts. On one point only a link is (implicitly) made between macro economic policies and social inclusion, i.e. the impact of inflation on the purchasing power of different income categories (NRP, p. 20).

Government estimates that social benefit claimants and people aged 65+ will most probably see their purchasing power slightly decrease. The NRP stresses that government tried “as much as possible” to limit these income decreases, through the already mentioned measure of not increasing VAT levels.

2.3. Feeding in

There is less evidence of feeding in than of feeding out aspects in the NRP.

As to ethnic minority groups and women in particular, two initiatives have to be mentioned that can be considered as feeding in to employment strategies. The first one is the so-called “Thousand-and-one Force” plan, which will foster the social inclusion of 50,000 ethnic minority women through volunteering and/or a job. In the Netherlands volunteering is very much seen as a possible stepping stone to paid employment.

The second initiative is the Delta plan for civic integration. The NRP stresses that the effectiveness of civic integration courses has to be improved, i.a. via a dual approach: combining courses with participation paths, such as volunteering, regular training, etcetera.

Most feeding in components can be found under the section about “promoting human capital” (NRP, section 4.4, p. 62). There is no explicit reference to the NAP/Inclusion, but since these initiatives are also mentioned in the NSRSPSI, and they are not direct employment measures, we consider them as feeding in components. The initiatives mentioned are:

- The fight against illiteracy: this is one of the domains for which the Dutch government formulated very concrete targets. Targets are set for combating illiteracy in working age (60% decrease in 2015), but also for making sure that every pupil at the end of primary school has sufficient reading, writing and calculating capacities to start secondary education.
- The school performance of migrants: i.a. via pre- and early school education to prevent language problems.
- Combat early school leaving: 50% decrease between 2002 and 2012; compulsory school up to the age of 18 for pupils without a “start-qualification” for the labour market; “work or learn” *obligation* (elsewhere called *right*) for social assistance benefit claimants up to 27 years of age.

2.4. Governance

The NRP is a compilation of policies in very different domains, such as macro economic, micro economic and labour market policies, but also environmental policies, social security policies and policies in the field of education. In each of these domains, there are well institutionalised consultation or negotiation processes, e.g. between different government departments, between social partners or between government and social partners. The NRP mentions that “as in previous years”, social partners, regional and local governments contributed to the NRP. It is not fully clear however how this has been done. The NRP says that: “At regional and local level parties that are relevant for the Lisbon agenda (such as employers, employees, schools and universities) come together and reach common results”. Examples of local initiatives, in line with government objectives and targets are described in boxes throughout the NRP.

However, as mentioned in our third 2007 NRP assessment report, there is an unbalance between the NRP and the NSR where also NGOs, social professionals and (representatives of) people experiencing social exclusion are included in consultation processes. If full consistency between the NRP and NSR is to be achieved, one could expect Dutch government to develop a more inclusive consultation practice.

As far as monitoring and assessment is concerned, for a number of policy measures and ambitions, including those with impact on social inclusion, the Dutch government has clear targets, and monitoring systems are in place. Nevertheless, an overarching social impact assessment of the NRP would help to improve the consistency between the NRP and the NAP/Inclusion.