The delivery of employment services in a multi-country case study series: the Netherlands.

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The Dutch PES

Name: Employee Insurance Agency (Uitvoeringsinstituut voor Werknemersverzekeringen – UWV).

Main feature: Since 2015, UWV switched to an operation model primarily through the digital platform, limiting in-person service delivery to only 35 locations nationwide.

Delivery model: Mixed – public and private delivery of employment services. UWV is responsible for delivery of unemployment benefits, while social assistance benefits are delivered by municipalities. UWV Werkbedrijf (a division of UWV) oversees the organization of ALMPs, which are provided by municipalities.


PPP relationship: Strong cooperation – private providers are embedded in the Dutch service delivery system where they act both as labor market intermediaries and as contracted providers.

1. Labor market context

Situation before the Covid-19 pandemic

In 2019, the Dutch labor market could be defined as extremely tight. Tight labor markets are economies close to full employment where recruitment becomes difficult due to the small pool of available workers. On average over 2019, the unemployment rate was 3.4% with no difference of unemployment among men and women and the net labor participation rate was high (percentage of the employed labor force in the population for people aged 15-74). The number of people in work reached a record high in 2019. For the first time, 9 million people were employed. The employment rate rose to almost 69 percent, the highest rate in the past fifty years. In the third quarter of 2019, before the beginning of the pandemic, the labor market tension remained high with approximately 90 vacancies for each 100 unemployed people.

In the Netherlands, the labor market is characterized by a high amount of part-time jobs (mainly held by women), and a comparatively high share of temporary and self-employment. On the one hand, flexible jobs may make it easier to have job seekers integrated in the labor market since companies tend to hire employees temporarily and leverage a long probation time to verify whether the individual fits the organization’s requirements. Flexible work, on the other hand, may result in frequent and forced transitions to other jobs, with increased risks of being (repeatedly) jobless.

The Covid-19 pandemic

The revised job retention scheme applied in the Netherlands in the context of the Covid-19 pandemic is called NOW. The NOW scheme (Noodmaatregel Overbrugging voor behoud van Werkgelegenheid), is a new system in the country based on the logics to compensate employers for wage costs, depending on revenue loss instead of reduced hours worked, still with the objective to maintain employment contracts. Dismissals are prohibited and fines applied. In the Netherlands, the number of employers that have had their application for NOW granted is 118,474, affecting and estimated 1.8 million workers (most recent data received from UWV on 27 May 2020).

2. Organisational structure for the delivery of passive and active labor market programs and employment services

The Employee Insurance Agency (Uitvoeringsinstituut voor Werknemersverzekeringen – UWV) is an independent administrative body commissioned by the Ministry of Social Affairs and Employment (SZW) to implement employee insurances and provide labor market services. UWV is led by a Governing Board whose members are appointed by the SZW but policy is largely developed at ministry level. Social partners are important stakeholders and are represented through an advisory board, although they are not involved in any management, supervision or monitoring function.

UWV’s objectives are to ensure adequate administration and payment of both unemployment and disability benefits and to support integration of job seekers in the labor market. Even job seekers who do not receive benefits are entitled to register to the PES and receive digital matching services. The UWV

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4 Statistics Netherlands (CBS) (no date).

5 Bekker and van Deursen (2019).

6 The way NOW is calculated has had an unforeseen negative impact on companies who work in seasonal sectors such as tourism, they were not able to fully utilize the arrangement. Recent changes have been introduced so that they will be able to make use of it as well. NOW is calculated on the labor costs in January or November 2019. Companies who had no labor costs in January or November 2020 but do have labor costs in March 2020 will now be able to apply for the arrangement as well.

7 Nicola Duell (2020).


Werkbedrijf is a division of the UWV, which is in charge of the organization of active labor market services.

UWV is an administrative body which has a certain degree of autonomy: it does not operate under direct ministerial surveillance and control in its task of executing policies but policy, as already mentioned, is developed at ministry level. The Governing Board has indeed a high degree of freedom solely on issues related to policy implementation. Despite the independence of the UWV, policy planning happens at ministerial level and the specific directions to UWV operations given by SZW are prescribed by law.

Municipalities are responsible for the provision of a safety net for social assistance claimants. Municipalities are also in charge of ALMPs provision and their strategy, performance measures and targets are set by municipal councils. These oversee the operations and approve the annual planning. Despite SZW determining the annual budget, municipalities remain independent structures of local government that are able to define and implement their own strategies and their decisions are bound to legislation concerning these policy areas10.

The national social policy includes generic policies, which hardly ever define clear target groups, such as older unemployed or people with a migration background11. As mentioned above, both the UWV and the municipalities are responsible for the re-integration activities of unemployed individuals. However, they cater for different groups. The largest distinction may be labelled as PES supporting unemployment benefits recipients and disability benefit recipients and the municipalities supporting those who receive social assistance.

In addition to its relationship with municipalities, UWV has also a strong cooperation with private employment agencies. These agencies act as labor market intermediaries and as contracted providers for the PES. The formal collaboration with private agencies led to the creation of Flex-Servicepoints, which are set up to help job seekers to have support at the operational level. Job seekers can reach out to Flex-Servicepoints to obtain the appropriate list of private providers. These partnerships aim at creating a framework and adequate procedures for using temporary agency work as an effective channel to help clients of the UWV make the transition from unemployment to stable re-employment and to use the recruitment services of private employment agencies12.

### Budgets and resources

The total number of UWV staff reached 4,561 as of April 2019. Of these, 71% were engaged in directly servicing job seekers, while a further 13% were servicing employers. In regard to spending, UWV’s operational expenditure amounted to €391.7 million in fiscal year (FY) 201813. A breakdown of additional costs for staff, ALMPs and others is available in Table 1. Table 2 offers instead a breakdown of the PES full-time employees (FTEs) count, divided by social workers either devoted to servicing job seekers or employers.

![Figure 1 summarizes the broad structure of the Dutch social security system.](image)

**Figure 1** Organization of the Dutch social security system

<table>
<thead>
<tr>
<th>Expenditure category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total PES</td>
<td>435.0</td>
<td>391.7</td>
</tr>
<tr>
<td>All type of benefits</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>ALMPs administration</td>
<td>29.3</td>
<td>1.6</td>
</tr>
<tr>
<td>Staff costs</td>
<td>356.3</td>
<td>349.2</td>
</tr>
<tr>
<td>Staff training costs</td>
<td>6.2</td>
<td>4.6</td>
</tr>
<tr>
<td>Budget intended for other institutions</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Other expenditure</td>
<td>38.7</td>
<td>31.8</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Staff category</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total PES staff</td>
<td>4,476</td>
<td>4,561</td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Servicing job seekers FTEs count</td>
<td>3,771</td>
<td>3,241</td>
</tr>
<tr>
<td>Servicing job seekers as a percentage of total FTEs staff</td>
<td>84%</td>
<td>71%</td>
</tr>
</tbody>
</table>

11 Bekker (2020).
13 UWV oversees part of the delivery of active labor market measures and services. In terms of expenditure, municipalities play a much larger part.

Information on budget for active measures and services cannot be provided for two reasons: i) because the largest source of social security contributions flow in throughout the year and cannot be predicted at the start of the period, and ii) because, in financial reporting terms, these budgets are to a major extent an unspecified part of total expected funds, relating to both active and passive expenditure under the headings of unemployment insurance, incapacity insurance, etc.
Servicing employers FTEs count | 586 | 602
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Servicing employers as a percentage of total FTEs staff | 13% | 13%


3. Reforms

The Netherlands has been reforming the delivery of employment services and working age benefits since the 1980s\(^\text{14}\). In 2002 the Employment Services Agency, the Arbeidsvoorzieningsorganisatie, was replaced by the SUWI (Implementation Structure for Work and Income) system and, the Centre for Work and Income (public employment agency) and UWV. UWV was assigned administrative functions, including benefit eligibility, sanction implementation and management of budgets, while municipalities were given the reintegration responsibilities. In 2006 the Work and Income Employment Capacity Act reshaped and reduced the reintegration role of UWV, by giving it more of a monitoring role and stimulating a private market for reintegration services. The decision to involve private agencies in the delivery of public employment services was of much significance, because it implied a major transfer of activities from the public to the private sector. In 2009, the UWV was merged with the Centre for Work and Income, putting UWV in control of the job broking tasks and the employment services for social insurance claimants. Coordination proved to be challenging with the system resulting split between UWV, municipalities and the activities of social partners.

By the late 2000s and majorly due to the financial crisis, the budget for the PES was strongly decreased, leading to a new strategy of “internet first”. The number of regional offices decreased from 100 to 30 and electronic services became the standard for the initial delivery of services. Following this strategy, further digital tools were introduced in 2014, the Work Profiler and the Personal Work Folder. This with the aim of helping counsellors customize the online assistance of job seekers. The Work Profiler is a digital tool that indicates a job seeker’s probability of work resumption within a year and it offers a quick diagnosis of the job seeker’s obstacles for return to work. The Work Folder or Werkmap can instead be considered a personal file managed by the client, where s/he will find online modules that ad in the search for work, such as webinars and e-learning programs in how to write an application letter, make a curriculum, prepare for a job interview or look for vacancies that correspond with their profile\(^\text{15}\).

In 2015 a devolution reform took place with the Participation Act, which transferred responsibilities to municipalities, allowing them to cover a larger group

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\(^{14}\) Finn (2016).

\(^{15}\) Wijnhoven (2014).

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The rationale that brought the reform to light was that municipalities are better placed to deliver integrated services to the clients in order to help them become self-sufficient\(^\text{16}\). The Participation Act also increased the responsibility of UWV for disability benefits.

4. Overview of passive and active labor market programs and employment services

For working-age people, there are two broadly defined income-support programs. Most individuals in regular work are covered by an insurance system, which is primarily supported by employee and employer payments. This offers rather significant wage-related benefits to those who are unable to work due to being unemployed or having a long-term health condition or disability. There is a parallel municipal social assistance system that offers a means-tested income support safety net for people who do not qualify for, or have exhausted, their insurance-based benefits\(^\text{17}\).

UWV manages the income support benefits for different groups under the contributory insurance scheme, including unemployment insurance (UI), unemployment assistance (UA) and disability benefits. Werkloosheidswet and Toeslagenwet, the Dutch UI, is a contribution-based scheme that consists of two different benefits:

i. a short-term earnings-related benefit which is dispensed for up to 3 months and

ii. a long-term earnings-related benefit which is dispensed from 4 up to 24 months.

Benefit amount consists of 75% of the gross wage most recently earned for the first two months; from the third month the percentage decreases to 70% with some maximum daily thresholds that the benefit amount cannot surpass.

The Dutch UA, or Inkomensvoorziening Oudere Werklozen, is an income provision only available for older unemployed individuals that triggers only once regular unemployment benefits are exhausted. The benefit amount is 70% of minimum wage and it is paid until retirement age (66 years and 4 months in 2019).

The organization of active labor market services is overseen by UWV Werkbedrijf while the provision of services is devolved to 35 regional employment offices grouped into 11 district centers. In addition, municipalities provide integrated services to employers and job seekers in cooperation with the UWV, although the extent of the collaboration is not homogenous across regions. Regarding the implementation of ALMP measures, municipalities play a much greater part. The activation budget goes to the provision of employment services, including mediation and re-employment or
reintegration services. The largest budgets in terms of active measures are spent supporting employment and rehabilitation, that are in general targeted at people with disabilities. The Dutch approach to labor market policies focuses on making it cost-efficient for employers to hire unemployed workers by providing wage subsidies and by creating financial incentives that would make the employer benefit from hiring an unemployed individual.

Services provided to job seekers by municipalities are the following:

- Support and mediation into employment – supporting the client to remain employed or support in job search;
- Benefit payment – ensuring that benefits are provided timely and correctly when reinsertion into work is impossible in the short run;
- Securing information efficiency – ensuring efficient (one-time) collection of information from the client on matters of mediation to employment and benefit payment.

ALMPs might include placement into temporary work trials, support for the self-employed and different types of training (pre-employment training, e-learning modules through the Personal Work Folder, vocational training subsidies, etc.).

Finally, employers can access specialized labor market advice and receive assistance filling their vacancies through the UWV’s integrated service channels. The provision of personalized services to employers is focused on those employers who have difficult-to-fill vacancies and/or are willing to hire job seekers with distance from the labor market. Employer service centers also provide services during crises to prevent unemployment, as it happened during the covid-19 pandemic.

A useful tool for job placement and intermediation services is Sonar, a client tracking system and job matching platform to assist municipalities and UWV carry out their shared responsibility of connecting employers and job seekers. Upon posting a vacancy, employers have access to a candidate roster online, which matches the profiles of job seekers in the target group with the characteristics and requirements from the vacancy. UWV registers job seekers in Sonar and uses the system for recording, monitoring and determine the need for more individualized reintegration service prescriptions. The preparation of the customer profile is done together with the client and is part of the regular service from UWV. Sonar is also used by most municipalities in their applications for social assistance benefit, categorizing beneficiaries’ education, skills and work experience and matching them with available vacancies in the region.

Since 2015, UWV switched to an operation model primarily through the digital platform, limiting in-person service delivery to only 35 locations nationwide. These physical locations are called “Work Squares” (Werkpleinen) and they function as one-stop shops that provide a single window for income support benefits and employment services.

With the switch to the digital platform, service delivery occurs online through enrolment in the platform: each applicant has an account from which to access online services. The user is followed in accessing the services by an e-coach who also monitors the effective activation of the user in making use of the available public services.

The digitization of public services has naturally influenced the function of private providers which, in addition to cooperating in the implementation of the digital platform of employment services, provide operational support for all the services that the public service no longer provides. In fact, users in the first three months of unemployment must register and participate in the orientation and job search initiatives offered by private providers in support of the online services of the UWV. These are orientation activities, job placement or meetings with the formula of speed-dating (see below) in which the newly unemployed can meet companies and intermediary agencies or temporary employment agencies that offer work.

The Job Speed Date is a quick, informal meeting with the goal of introducing companies to aspiring workers. In 10 minutes, companies and candidates have the opportunity to meet and get to know each other informally and without the constraints of the classic interview. At the end of the minutes, a sound signal indicates that the fast appointment is over and that the candidate must move to meet a new company. In this phase of fast appointments, the companies do not have the candidate’s CV and the meeting is aimed at understanding if a specific professional profile can interest the company. It is therefore important that the aspiring worker is able to present himself clearly and effectively. Each candidate is assigned an identification number that will be used by the company to request the CV of the professional profiles in which they are interested.

5. Outsourcing of PES services

In the Netherlands cooperation between the PES and private providers commenced in the 1980s and private agencies are now embedded in the service


19 Bekker et al. (2015).
20 IDB (2014).
21 ANPAL (2019).
delivery system where they act both as labor market intermediaries and as contracted providers.

Private agencies routinely publish their vacancies on the UWV internet portal where job seekers may be automatically matched and agencies can search for suitable candidates. These included temporary employment opportunities as well as more regular vacancies being filled by private agencies. The current relationship between private providers and the UWV led to the creation of the so-called Flex Servicepoints, as explained in the paragraphs above. This provides a collective forum that is supported by a two-person team in the UWV headquarters, one with a UWV background and one with a private agency background. The team fosters cross-sector collaboration and is responsible with spotting trends, opportunities, and problems that require action or discussion, as well as scheduling frequent meetings between the partners.

In 2019, the UWV and the Algemene Bond Uitzendondernemingen (ABU – largest trade association of Dutch private employment agencies) signed a renewed joint venture agreement. The contract both extends and updates the cooperation and commitments between both parties. This agreement aimed at increasing the cooperation between private employment agencies and UWV through increased interoperability of the information sources for unemployed individuals. Finally, the 2019 agreement pushed for increased sharing of both labor market information and expertise on employers-job seekers mediation.

Before 2015, when a job seeker approached the Dutch system, s/he was classified into one of two main groups: Stream A, job-ready users; and Stream B, those who have more difficulty in finding a job. Stream A users were expected to be reintegrated into the workforce within 6 months, with services provided directly by CWI, while Stream B users were taken care of by UWV case managers if they were eligible for unemployment benefits, or by a municipal case manager if they were in need of social assistance. Case managers referred users to private agencies, selected through a call for applications that evaluates their experience, declared success rate, price and method. Selection was by zone and providers provided an insertion plan that included an action plan, an insertion path and post-insertion support. The first phase involved the payment of the provider on the basis of the action plan; the largest part of the contribution was paid for the insertion path (one half in the first six months of taking charge, the other half when the placement is reached). The last tranche of payment got submitted after the actual job placement.

The contracting-out model has undergone modifications and corrections over time, in order to increase efficiency and reduce the opportunistic behavior of private individuals: if initially every activity provided to the unemployed was remunerated (no care, less pay), the model has moved to an employment result remuneration system (no care, no pay). In the cases of no cure, no pay of the Stream A job-ready individuals, the providers receive a minimum contribution for the insertion during 6 months, after which there is no payment. In this case, smaller providers are exposed to the risk of cash-flow problems and the provision of services without being reimbursed. This has led to an increase in provider fees to cover the risks, which the Dutch administration has sought to limit by providing an upfront reimbursement of 20% even in no cure, no pay contracts, providing for repayment in the event of non-placement.

However, the result of this management method, if on the one hand it has enabled to speed up relocation, on the other hand it has impoverished the range of services offered by the providers and has determined the disappearance of training content. The small providers have been the first to pay the price of this management style, disappearing from the market, and the few remaining large providers have flattened their service offerings to the detriment of competition. In this context, private agencies have become increasingly crucial in the Dutch labor market over the past decade.

6. Performance management and monitoring of the PES

Profiling, segmentation, and case management

UWV services are increasingly online, calling on job seekers' responsibility to actively work on their own integration. Online services are available to all job seekers through werk.nl. An evaluation interview will take place with the client after the first three months; before then, most interaction with services is online. In fact, most job seekers in 2017 (95%) completed their application for unemployment benefits fully online. In 2017, UWV online services experienced a record high number of vacancies as well as CV views – 147,000 vacancies were posted online and employers used the platform more than 17 million times.

Although many unemployment benefit claimants use the online channel, a limited group of unemployed people who do not use it for various reasons. A survey conducted between 2012 and 2014 provide interesting insight into the characteristics of offline clients. Clients who do not use the online services often have lower

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22 van Lient (2013).
24 ANPAL (2019).
education levels, low ICT proficiency and do not master the Dutch language. Age is also a factor in the use of online services, with a significant share of offline users in a higher age group. Offline clients also tend to have fewer job applications, less trust in their writing skills, lack good cover letters, and have less trust in their ability to find a job.

Work profiling through the Work Profiler tool assumes a critical role in assessing the distance of the job seeker from the labor market. As mentioned in the previous paragraphs, the Work Profiler is an online tool that estimates job seekers’ chances of returning to work within a year based on hard and soft predictive factors of the probability of resuming work. Some factors have a negative relationship between the score and the probability of resumption of work. For instance, for the metric ‘Proficiency in Dutch, the higher a job seeker scores on this factor (e.g., more difficulty communicating in Dutch) the lower are her/his chances of finding work. Thus, the factor is classified as obstructive and the job seeker placed above the average of the reference group. Some additional factors considered are age, job search behavior and willingness to work, health, financial needs, gender, industry, maximum entitlement to unemployment benefits, number of hours available to work and barriers to enter the labor market.

The profiling tool classifies job seekers in four different profiles based on their relative distance to the labor market and risk of becoming long-term unemployed. Clients in the first category, that is ≥75% chance of returning to work within a year, are deemed capable of finding a job on their own soon and do not require job search assistance or special help. Job seekers in the other three categories receive additional services ranging from relatively simple interventions such as job search assistance to referrals more long-term employability enhancement programs. The most common intervention for clients in the second category, those with 50-75% chance of work within a year, is often placement in a subsidized job or training program. More complex cases are job seekers that are considered very distant from the labor market and these are the ones that are referred to more specialized job counseling and placement services with external providers. Hence, statistical profiling plays also an important role in regard to sub-contracting.

Performance management

The Inspection for Work and Income, which is a special and independent body, is in charge of evaluating the performance of the agency. The evaluation assesses the legality, efficiency and effectiveness of operations. They also look at how UWV and the municipalities are operating as complementary bodies and whether they are establishing an effective network. In addition, performance of the UWV-Werkbedrijf is assessed in relation to benefits of flows and satisfaction levels amongst job seekers and employers.

The UWV uses an intranet system and internet portals to share information on management (weekly performance measurement) and on the labor market (developments in the volume and composition of registered clients and vacancies). UWV has in place different measures to assess effectiveness of services for job seekers, including the operation of randomized controlled trials to which job seekers receive extra service, an assessment method using pilots to consider the effect of new methods, and the ex-post-econometric-data-analysis is also used for matching or time-analysis.

7. Discussion and implementation in low and middle-income countries

There are positive and negative aspects of the Dutch system as in any other PES. These pose learning possibilities for low- and middle-income countries since they provide possible roadmaps to programs and services that can work well in other environments.

The main takeaways for low-income and medium-income countries relate on how the Dutch system integrated multiple processes and programs into a single window for intake and registration. The Netherlands has a single beneficiary interface for all target groups (in person at the UWV one-stop shops, and digital through the website) linked to a harmonized back-end process that registers job seekers who submit applications for all income support programs in the country – disability, unemployment benefits and means-tested social assistance – with the public employment service. So, even if implemented by different actors, the ICT infrastructure serves all the institutions along the delivery chain and facilitates data sharing between the social insurance agency, municipalities and the employment services division.

Despite the great features mentioned above, integration and coordination of services is not homogenous in the whole country but varies depending on the municipality capacity. Moreover, the integration of those hard to be placed individuals in the job market is mostly outsourced to private public employment agencies. This represents a critical point since it makes private providers’ role pivotal in integrating hard to place job seekers in the labor force.


Finn, The Organisation and Regulation of the Public Employment Service and of Private Employment and Temporary Work Agencies, National Learning and Work Institute, 2016.


ANPAL, L’attuazione delle politiche attive del lavoro attraverso il contracting-out, 2019.