

Policy highlights

Policy Options for Labour Market Challenges in Amsterdam and Other Dutch Cities



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ABOUT THIS POLICY HIGHLIGHTS

This policy highlights presents findings from the "Supporting job creation, skills development and social inclusion in cities in the Netherlands" project, which is part of the co-operation between the OECD and the EC DG REFORM. The project aims at promoting new measures that will support Amsterdam and other large cities in the Netherlands in reabsorbing jobseekers into the labour market and provide pro-active support to workers in the face of labour market changes. Recommendations from the project build on OECD research and analysis and international peer-learning exchange among local policymakers and practitioners.



Policy Options for Labour Market Challenges in Amsterdam and Other Dutch Cities

The full book is available at:

<https://www.oecd.org/cfe/policy-options-for-labour-market-challenges-in-amsterdam-and-other-dutch-cities-181c0fff-en.htm>

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The tight Dutch labour market demands new opportunities for under-represented groups

Poor labour market outcomes for under-represented groups and high shares of part-time work are missed opportunities for growth

The Dutch economy recovered quickly from the COVID-19 pandemic, but productivity growth remains weak and labour shortages have increased, in part reflecting the pace of the recovery but also a relatively high share of part-time work and an ageing population.

With the highest share of part-time employment in the OECD (35.1% in 2022) the Netherlands also has an above-average participation rate (84.7% in 2022, compared to 75.8% in the OECD). Comparing Dutch cities shows that there are also relatively large differences in participation rates within the Netherlands. For example, Utrecht's participation rate at 86%,

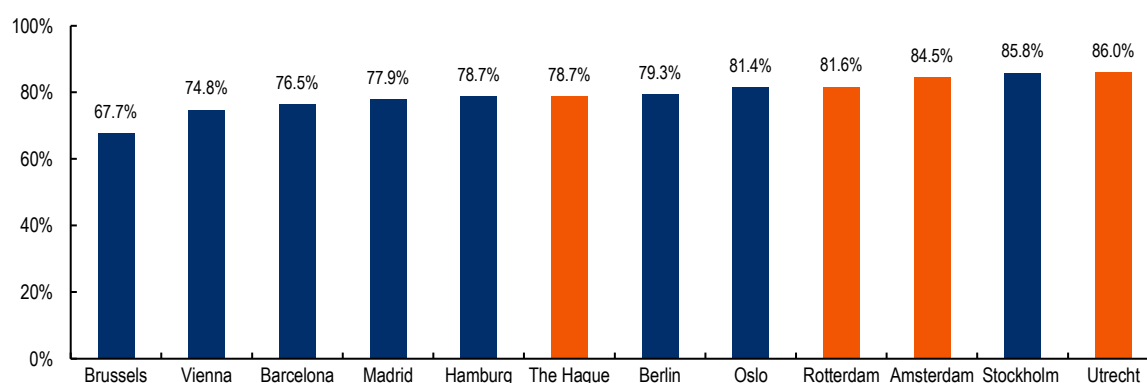
which is respectively around 7 and 4 percentage points higher than the rates in the Hague and Rotterdam.

In addition to, and, in part, underpinning, geographical disparities, some population groups experience disproportionate challenges in finding employment. While the overall unemployment rate in the Netherlands was 4.2% in 2022, rates were much higher for youth (9.3%) and people with a migration background (7.2%). For the latter group, integrating into the labour market represents a first step to integrate more broadly into the host society.



Utrecht outperforms other Dutch and European cities, with more than eight in ten people aged 15-64 being in the labour force

Labour force participation rate, 2022



Source: Eurostat and CBS.

International peer-learning offers new perspectives for Dutch cities in developing strategies to make their labour markets more inclusive

High unemployment rates of foreign-born people and youth represent a challenge for many European cities. To improve their labour market integration, cities have developed several strategies and programmes involving a wide range of stakeholders. While governance structures differ across countries, cities can learn from each other and adapt successful programmes to their national contexts.

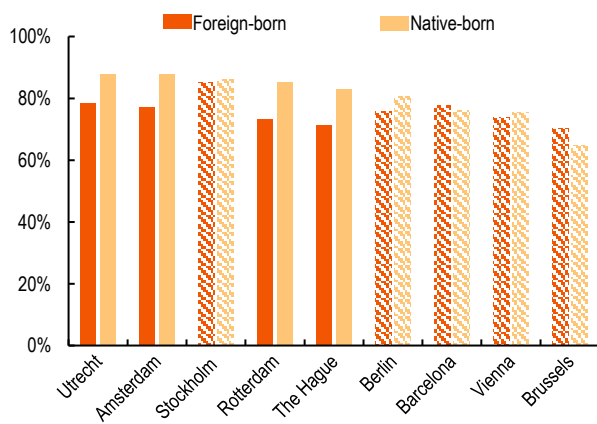
The project benefitted from a series of international peer-learning activities with several European cities – including Barcelona (Spain), Berlin (Germany), Brussels (Belgium), Stockholm (Sweden) and Vienna (Austria) – to support Amsterdam in developing new initiatives and programmes targeting people with a migration background and youth (see page 12).

The cities participating in these exchanges all have sizable foreign-born populations, ranging from 16% in Barcelona to 29% in Vienna. While in Vienna and Stockholm, the labour market participation rates for foreign- and native-born people are similar, the gap between these two groups is higher in Berlin (5 percentage points) and also in Dutch cities. While some of these differences are driven by the different composition of foreign-born populations in each city (e.g. education profiles, reasons for migration), there is a clear case for the benefits of mutual learning between cities around addressing labour market participation for these groups. Among the numerous programmes developed by international peers in recent years, those that i) tackle discrimination in the workplace, ii) focus on the development of language skills, iii) promote the recognition of prior learning, and iv) provide targeted support to foreign-born women were of particular interest to Amsterdam.

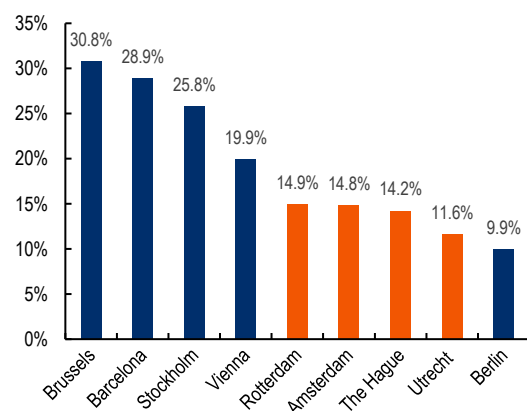
Youth unemployment is particularly high in Brussels, Barcelona and Stockholm, where more than one in four young people aged 15-24 were unemployed in 2021. Programmes in other European cities that were of particular interest to Amsterdam include i) providing support to youth at risk of leaving education, ii) helping young people become more familiar with the world of work, iii) promoting the development of digital skills, and iv) reducing barriers to employment for inactive youth.

Based on the review of international good practices and lessons learned, the project proposed several pilot actions that can be trialled in Amsterdam and other Dutch cities going forward (see page 15).

Labour force participation rate for foreign-born and native-born people, 2022



Youth unemployment rate, 2021



Source: Eurostat and CBS.

People with a migration background experience greater challenges in finding good-quality jobs

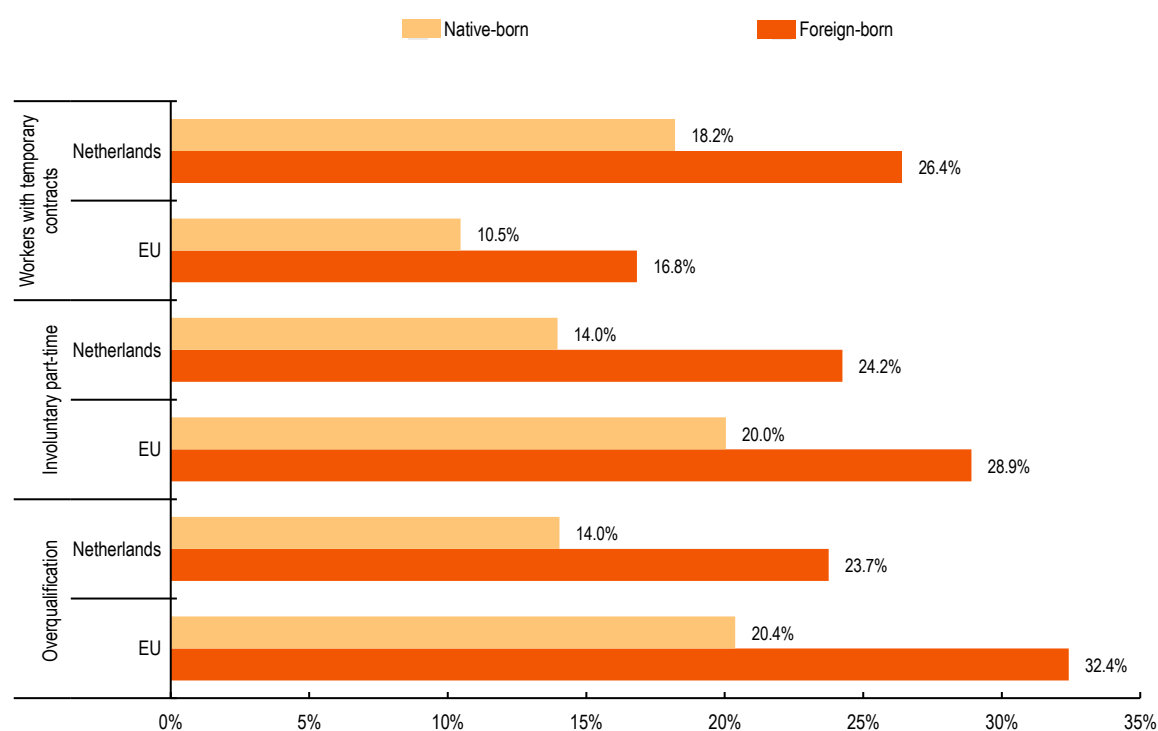
While the participation rate for the native-born population in the Netherlands is above the European average (87% vs. 74%), it equals the EU average for the foreign-born population (74%). Large differences also exist for some measures of job quality such as skills utilisation, contract duration and involuntary part-time employment (i.e. people who work less than 30 hours per week but would like to work more hours). While only 14% of people born in the Netherlands are overqualified for their jobs, 24% of those born abroad are overqualified. Foreign-born people are also more likely than the native-born to have temporary contracts (26% vs. 18%). Finally, despite having a lower share of part-time employment (three in ten people among the foreign-born vs. four in ten people among the native-born), for foreign-born people, this time

arrangement might not be a choice. Among them, 24% would like to work more hours, compared to 14% among the native-born population.

The most reported barrier in entering employment for foreign-born people is a lack of language skills: 44% state this as a major obstacle. Moreover, nearly 1 in 5 (19%) report discrimination as a major obstacle. These issues appear to be more relevant than the lack of suitable jobs (15%) and the recognition of qualifications (6%).

All main Dutch cities have more than one in five people who were born outside the Netherlands. The share of foreign-born people varies between 20.3% in The Hague and 34.8% in Amsterdam.

Foreign-born individuals have a higher incidence of temporary contracts, involuntary part-time and overqualification compared to native-born individuals



Source: OECD/European Commission (2023).

Amsterdam has implemented several actions to facilitate the labour market integration of people with a migration background

Supporting the development of language skills

In the Netherlands, the New Civic Integration Act (*Wet Inburgering*) combines language and civic integration courses with job-search support. The Act gives municipalities the responsibility for providing integration assistance to newcomers, with the government covering the costs for asylum status holders. At the city level, the Greater Amsterdam Language Agreement (*Taalakkoord Groot-Amsterdam*) provides financial support to employers that provide language courses to their staff, and the Amsterdam Works (*AmsterdamWerkt!*) initiative organises language courses in specific sectors such as hospitality, construction, and logistics.

Fighting discrimination

The Dutch Diversity Charter was launched as part of the *Diversiteit in bedrijf* initiative in 2015 by the Minister of Social Affairs and Employment, together with 22 large employers from the public and private sector, including the Municipality of Amsterdam. Branches of the Dutch Diversity Charter have been established in a number of Dutch cities including Amsterdam and Rotterdam. Utrecht will soon follow suit. While firms with fewer than 20 employees are not eligible for support from the national Diversity Charter, they are able to access the services of the local branch in Amsterdam, with SMEs being active in the local diversity charter network activities.

Improving skills recognition

In recent years, the Municipality of Amsterdam has proactively supported initiatives for skills-based matching on the labour market. For example, the House of Skills has been instrumental in developing a taxonomy of skills that can be used by jobseekers to self-assess their skills and match with suitable vacancies. To harmonise the existing skills classifications, UWV has developed *CompetentNL*, which is intended to become a national framework for skills-based matching. In addition to enhancing matching at the level of local labour markets, these initiatives can improve the labour market integration of people with a migration background by facilitating the transferability of skills obtained outside the Netherlands.



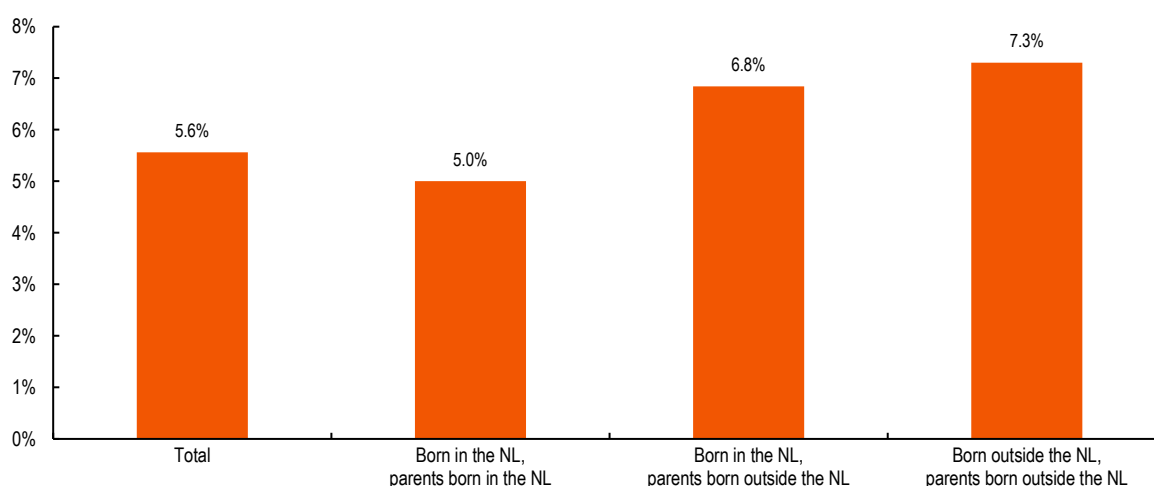
Effective career guidance, opportunities to undertake internships or apprenticeships and support in developing professional networks can help youth find their way to employment

Since the COVID-19 pandemic, young people have been experiencing increasingly complex issues, including poor mental health conditions, financial hardship and isolation. The impact of the pandemic was particularly strong for youth in vulnerable situations, such as youth from low-income families, youth with a migration background, and youth with special needs. In addition to challenges in staying in education, youth in vulnerable situations can experience difficulties finding their way to employment, often due to poor social and professional networks. In 2022, the share of people aged 18-25 who left school without obtaining a formal diploma was 5.6% in the Netherlands.

The rate was higher for students who were born abroad (7.3%) or who have at least one parent born abroad (6.8%) than for those without a migration background (5%). In the Netherlands, a lack of guidance is perceived as one of the main causes of school dropout. To reduce school drop-out rates and ease the school-to-work transition, young people need to become more familiar with the world of work before finishing their education. Developing effective career guidance, encouraging young people to undertake internships or apprenticeships, and supporting them in developing social and professional networks can help reach these objectives.

Having a migration background can impact the chances of staying in school and obtaining a diploma

Pupils aged 18-25 who left education without a diploma, 2022



Source: CBS.

Largest Dutch labour markets



THE HAGUE



ROTTERDAM



AMSTERDAM



UTRECHT

Several organisations support youth in Amsterdam

Orienting young people towards jobs and sectors relevant to the local labour market

The *AmsterdamWerkt!* programme provides training to young people with a criminal record, early school leavers and new Dutch citizens. Participants are closely supervised by a personal job coach and follow a pathway structured across several stages. After the orientation phase, participants can gain experience and basic qualifications through an in-house work experience programme, after which students receive a guaranteed internship placement offer at one of the public or private partners of the municipality.

Reducing barriers to employment for inactive youth

In Amsterdam, a number of non-profit social enterprises provide support in building a network for young people in a vulnerable situation. For example, the *Kandidatenmarkt* initiative aims to create a neighbourhood-based community and network that can help people (re)enter the labour market. The success of this initiative is the very informal approach and strong collaboration among the staff of the initiative and its participants.

There are on average four job vacancies per jobseeker in the Netherlands but with significant variation across cities

In the first quarter of 2023, there were more than four job vacancies for each short-term unemployed person (i.e. jobseekers who are unemployed for six months or less) on average in the Netherlands. Among the main labour market regions, Utrecht and Amsterdam had ratios of 7.8 and 5.4 respectively. By contrast, in the Hague and Rotterdam, the vacancy-to-jobseeker ratios were closer to the national average (4.5 and 3.3).

At the end of 2022, unfilled vacancies in medium to high-skilled occupations were mainly in ICT and in the healthcare and welfare sectors, and in low and medium-skilled occupations, in technical, business and administrative functions. Business surveys highlight that employers are unable to fill vacancies primarily due to the lack of applicants, as well as difficulties in finding the skills required for the position.



The governance of active labour market policies in the Netherlands

In the Netherlands, responsibilities for active labour market policies are divided between the national public employment service (UWV) and municipalities. UWV focusses on the short-term unemployed and workers that are incapacitated due to illness or disabilities. Municipalities take on a key role in activating the long-term unemployed and the economically inactive, addressing youth unemployment and integrating newly-arrived migrants into the local labour market.

To better coordinate service provision beyond municipal boundaries, the Netherlands is divided into labour market regions. The 35 labour market regions, roughly corresponding to commuting zones, represent a separate geographical level from the 344 municipalities and 12 provinces. They were formed to serve employers and are based on existing cooperation within the regional business community. This cooperation provides a framework in which regional initiatives of labour market integration are developed and implemented. The efficiency of service provision at the level of labour market regions depends, however, on the willingness of municipalities located within the respective region's boundaries to cooperate. While no systematic central government funding exists at the level of labour market regions, specific initiatives are sometimes funded, in which case the central municipality in the region receives the grants and has the task to coordinate policy implementation.

Workers and jobseekers need to upgrade their skills to respond to the changing job requirements in the labour market

Global megatrends are transforming labour markets at a rapid pace, requiring municipalities to take a forward-looking approach to preventing unemployment and economic inactivity. The increasing automation of production processes and the green transition call for early interventions that allow those facing automation risks and those working in so-called brown jobs to re-skill and up-skill.

Requirements of online job postings show that the labour demand has changed in the Netherlands, with an increasing number of jobs requiring digital skills. Among the bigger municipalities, Amsterdam has the highest share of jobs requiring at least generic digital skills.



In the Netherlands, 22.8% of workers are employed in jobs with a significant share of green tasks that contribute to environmental objectives.

This is above the OECD average of 17.6%.

The demand for generic ICT skills has risen sharply over the last few years across the Netherlands

Online job postings by employers in Amsterdam that listed generic digital skills (e.g. searching information online, word processing software, spreadsheet analysis, use of online communication tools) as a job requirement rose from around 3 500 in June 2019 to more than 13 500 in June 2023. When measured as a share of total online job postings, generic ICT skills requirements rose from 48% to 54% over the same period, indicating that the majority of open positions in Amsterdam now require at least basic digital skills. By comparison, generic ICT skills were less sought after in The Hague (40%), Utrecht (36%) and Rotterdam (33%) in June 2023. The finding thus suggests that Amsterdam is experiencing a faster digital transformation of its local economy than other places in the Netherlands.

In 2018, to respond to the need for digital skills among the population and the labour force, the Dutch government, under the lead of the Dutch Ministry for Economic Affairs and Climate Policy, has laid out a strategy to further increase the level of digital skills in the Dutch population. The Dutch Digitalisation Strategy aims to scale up digital capacities across all sectors of the economy. It also has a strong focus on segments of the population that have not yet developed digital proficiency.

Despite the numerous digital inclusion and digital upskilling initiatives, obstacles in accessing these initiatives exist for many individuals in vulnerable situations. Building on the international exchange and on existing local initiatives the current project therefore developed a pilot proposal to address gaps in provision (see page 15).



Local adult learning systems are critical to managing labour market transformations

Effective alignment of labour market needs with training and learning offers, both on and off the job, can help alleviate skills gaps that many employers across Dutch regions experience. In Rotterdam, learn-work agreements target sectors in demand and facilitate labour market entry for programme participants.

However, participation in training is much lower for those who arguably need it most in adapting to transitions. Only around 7% of the working population with less than secondary education reported that they participated in education and training over the past four weeks, compared to

more than 20% among those with a medium level of education and more than 30% among those with high levels of education.

The main challenges that prevent Dutch people from participating in training opportunities include family responsibilities, which disproportionately affect women, the cost of training and foregone income (e.g. reduced working hours), and the disengagement of older workers nearing retirement.

Main challenges for Dutch people to access training:



Family responsibilities



Foregone income



Cost of training



Disengagement of older workers

Rotterdam learn-work agreements to match people to vocational training and jobs for the future

Local governments, regional vocational education providers and employers in the region of Rotterdam have established so-called learn-work agreements (*leerwerkakkoord*). The objectives of this initiative are to address ongoing labour market changes and facilitate the re-integration of people that are currently not working. The partners agree to collaborate on pathways to work in different sectors including energy transition, construction and engineering, facility services, the port, transport and logistics, and healthcare. A targeted programme exists for SMEs. The agreements are structured around current labour shortages and important economic transitions that require upskilling and reskilling in various occupations. Each agreement has specific targets and objectives, which can include the offer of job guarantees to candidates and the specification of target groups such as youth, people with a disability, people with a migration background or welfare recipients.

Learning from other cities across Europe

To support Amsterdam and other Dutch cities in developing new employment and skills strategies, the project benefitted from a series of peer-learning activities with several European cities including Berlin (Germany), Stockholm (Sweden), Vienna (Austria), Brussels (Belgium), and Barcelona (Spain). International good practices have guided the development of the project recommendations.



BERLIN

Supporting people with a migration background with VET tracks in Berlin

In Berlin, the sanitary, heating and air conditioning trade guild SHK Competence Centre has developed a programme for adults with a migration background which combines language training and mentoring (e.g. help in navigating public services, finding a job placement, support with career planning and goal setting, identifying learning difficulties etc.).



STOCKHOLM

A strategy for a more inclusive labour market in Stockholm

The City of Stockholm has developed the “Integration Pact”, a network of more than 400 private, public, and non-profit organisations that work together to make the local labour market more inclusive. The city administration encourages knowledge exchange activities and organises different types of training on tackling barriers to employment for different population sub-groups and in making firms’ recruitment process more inclusive.



VIENNA

Targeted support to women in Vienna

The Vienna based social enterprise ABZ* provides extensive support to women from disadvantaged groups. Activities include multi-language language training to help women with a migration background become literate in their own language, as well as in German. Furthermore, it offers a competence check that helps uncover skills that participants already possess to better situate them in the local labour market.



BRUSSELS

The employment diversity strategy in Brussels

The regional Ministry for Employment and Vocational training has developed a diversity strategy to strengthen labour market inclusion in both the private and public sectors. The strategy includes three dimensions: i) a legal framework, ii) tools for employers, iii) monitoring and analysis of labour market. In addition, the Ministry has created a consultative multi-stakeholder platform to encourage knowledge sharing.



BARCELONA

Investing in outreach activities to reduce youth unemployment in Barcelona

The Youth Employment Service, established by the city development agency *Barcelona Activa*, aims to reduce youth unemployment by making existing programmes for youth more visible, understandable, and accessible. To promote the activities, the Youth Employment Service places a focus on developing a language suitable to young people and to strengthening their presence on social media.

OECD Recommendations

Strengthening the role of municipalities and their partners as providers of labour market services

- ✓ **Assign responsibilities for labour market service provision to labour market regions more clearly.**
Better define the legitimacy, funding and accountability of regional labour market service provision and formalise the role of labour market regions.
- ✓ **Evaluate if municipalities have sufficient funding to efficiently deliver labour market activation policies.**
Assess regularly if the Municipalities Fund allows municipalities to carry out their tasks. If funds are considered insufficient, increasing municipalities taxing autonomy could improve their capacity to respond to local needs.

Increasing labour force participation of people far from the labour market

- ✓ **Reduce discrimination in the labour market.**
Design a comprehensive city-level strategy that tackles discrimination in the labour market by bringing together representatives from both the public and private sectors.
- ✓ **Implement work-related language training for people with a migration background.**
Use the Greater Amsterdam Language Agreement to develop additional opportunities for job-related language courses among signatory firms.
- ✓ **Increase diversity in the IT sector.**
Improve the offer of digital training and further develop initiatives that target underrepresented groups as part of the city's existing programmes. Additional activities for vulnerable people could include mentoring and job search support.
- ✓ **Provide ad-hoc childcare solutions to reduce the isolation of women with a migration background.**
Explore the possibility of providing ad-hoc childcare support for the duration of language and civic integration courses, ideally in the same physical location.

Increasing labour force participation of people far from the labour market (cont.)

- ✓ **Create a “trust fund” for valuable grass-root initiatives.**
Provide long-term and secure funding for those organisations that offer services that the municipality does not provide or cannot deliver in the same way.
- ✓ **Strengthen collaboration with non-profit social enterprises that provide services to youth in vulnerable situation.**
Formalise collaboration between the youth centre (*Jongerenpunt*) and selected organisations that have a strong presence in disadvantaged neighbourhoods.

Increasing participation in adult learning and training

- ✓ **Increase cooperation between municipalities and employers.** Set up an advisory group that represents enterprises of different sizes and sectors to develop education and training programmes based on local needs and incentivise firms’ participation.
- ✓ **Set up regular skills surveys of enterprises.**
Expand existing surveys conducted by UWV to collect information among local employers on skills challenges among their existing workforce and on recruitment plans.

Improving local labour market information systems

- ✓ **Promote the use and expand the functions of skills-based matching tools.**
Further promote *CompetentNL* – which harmonises different skills initiatives including the House of Skills and Passport4Work – to better match skills supply and demand, and improve the recognition of prior learning for people with a migration background.
- ✓ **Support cross-municipal learning.**
Strengthen the role of VNG in facilitating experience and good practice sharing among municipalities.

Putting policies into action: A set of pilot proposals for Dutch cities

Following the in-depth assessment of employment and skills policies in Amsterdam and the peer-to-peer exchange with other European cities, the project developed a number of pilot proposals that could be implemented in Amsterdam and other Dutch cities in the future. The following interventions aim primarily to improve employment and upskilling opportunities for youth and people with a migration background.



Fighting discrimination in the labour market by:

- Raising awareness of discrimination and inclusion issues existing in the Dutch labour market.
- Providing a greater number of employers with resources to combat unconscious discrimination in their organisations.
- Setting up public-private partnerships with sectoral networks to spread the work of the city-level branches of the diversity charter (e.g. the *Amsterdam divers en inclusief* – ADI).



Promoting digital education for people far from the labour market by:

- Expanding the training offer and format of existing initiatives that support the development of digital skills.
- Promoting partnerships between training providers and companies to better match supply and demand
- Encouraging companies in the ICT sector to hire people with a migration background, including those who have recently arrived.



Promoting civil and labour participation for foreign-born women with young children by:

- Setting up a location that is suitable to host language classes for adults and to offer activities to children.
- Recruiting staff that are qualified to work in childcare.
- Developing an outreach campaign to promote the initiative among women with a migration background.



Increasing employment and training opportunities for youth on welfare benefits by:

- Creating financial incentives for youth on benefits to pick up part-time or short-term employment as a first step to move into full-time employment or education.
- Incentivising job searches while ensuring financial stability.



Creating a “trust fund” for sustainable financing of essential grass-root organisations by:

- Creating a clear and workable framework for initiatives to apply for periodical multi-year funding.
- Designing a framework for impact management to judge if multi-year funding increases the impact of initiatives.



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