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Comprehensive Review of Policies to Facilitate Active Ageing in Lithuania

Activity 2.2
Report on the Study Visit
to the Netherlands
on labour market inclusion of older citizens
(Draft March.3rd 2023)



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Background

The European Commission is funding through a Technical Support Instrument (TSI) a study to provide opportunities for older people to integrate into society, participate in social and political life, the labour market, and strengthen intergenerational relations. The OECD team from ELS/SAE (Shruti Singh, Dimitris Mavridis) organized a study visit to the Netherlands for a delegation of Lithuanian representatives. The delegation from Lithuania consisted of 12 people representing the public employment services, the municipalities participating in the project, as well as the national administration.

The first project output – Output 1 - was a comprehensive review of the challenges faced by older citizens to be employed in Lithuania. This review included five chapters: (1) an analysis of the general context of employment for older workers in Lithuania; (2) an analysis of job quality; (3) an analysis of job transitions and mobility of older workers; and (4) a description of training access and lifelong learning, as well as (5) an analysis of the role of Public Employment services and bottlenecks for returning to work for older individuals.

Output 2 has two parts. The first is a presentation of good practices from EU/OECD countries, on: (1) labour market inclusion and lifelong learning for older citizens. These good practices notes were complemented with lessons gained from a conference with experts from EU/OECD countries in Vilnius in October 2022.

The second part of Output 2 consists of a study visit to the Netherlands, which happened in February 2023. This document highlights the main lessons learned and findings from this study visit.

Objectives of the study visit to the Netherlands

The objective of this visit was to learn about best practices and innovative approaches for improving the inclusion of older workers in social and political life as well as in labor market in the Netherlands. The focus of the study visit is to better understand the Dutch policies and practices in three specific areas: i) Activating the older long-term unemployed citizens as well as older inactive aged 65 and over, ii) Increase training and raise job quality for older workers and iii) tackling age discrimination and addressing low motivation of older citizens to participate in employment and learning measures more generally.

First half-day

The first half-day covered a visit to the Ministry of Interior and Kingdom Relations of the Netherlands, where a holistic approach addressing the target groups of population of different age was presented. A holistic approach to intergenerational policy involves considering the needs and perspectives of all generations, both present and future, in the development and implementation of policies. This covers long-term thinking, rather than short-term solutions, and recognizing the interconnectedness of social, economic, and environmental issues. Within the context of intergenerational policy, the representatives of the Ministry provided an overview of tools and policies to deal with the elderly from the governance side. This included the following two broad areas:

1. *Generation Test*: a framework to estimate the effect of policy proposals on each different generation on the longer term. Generation test is inspired on the intergenerational justice report by the OECD, and from identified best practices from New Zealand and Wales. It is based on the principle of solidarity between generational groups. Generation test aims to systematically review any public policy proposal on 8 dimensions: income, work, education, housing, health, sustainability, and for 5 different generations in each of these dimensions.
2. Regulatory impact assessments (RIAs)- with *Policy Compass*. The Dutch Government both at national and lower levels uses RIAs with a tool called *Policy Compass*. RIAs assess the instruments of regulation against the stated policy goals. RIAs highlight the cost of policies, their efficacy, their effectiveness and efficiency. The Policy Compass developed by the national government is used in the early design phase of the development of national policies and regulations. It contains everything that is essential to the policy making process and is structured around five central questions. The main questions it is set out to address are: i) what are the main problems that a specific public policy is trying to address; ii) what the policy goal is; iii) the policy options; the consequences of these options; and v) the preferred option. It also sets out to identify the main stakeholder. The Policy Compass is particularly used to highlight the inter-generational effects of new regulatory and policy proposals.

Second day

The second day was organized at the ministry of Labour and Social Affairs. It covered a review of i) the national and sub-national of employment system and main welfare benefits, assessment of outcomes of older workers in the labour market, , c) all the national-level labour policies for active ageing in the area of employment policy.

Broad overview of the Labour Market institutions in the Netherlands

The first presentation provided a broad overview of the labour market situation in the Netherlands, the institutional framework, as well as the challenges the country faces.

This presentation highlighted the trends in ageing and in the increasing employment rates for the older citizens. It showed the current acute labour shortages in the Labour Market. These labour shortages translate into a historically low unemployment rate, high participation rate, and very high levels of difficulties for firms to fill open positions. This is one of the numerous reasons why the country aims at increasing the employment rate even for those above 67 years old.

In terms of the social protection system in the Netherlands, three layers of the labour market policies were presented (national level, regional level, and municipal level).

1. At the national level. The ministry owns the Public Employment Service (UWV). While the UWV is an autonomous body, it receives guidelines from the Ministry of Labour and Social Affairs and is evaluated yearly. The UWV covers all matters related to unemployment insurance, which is contributory based, with replacement duration and rates dependent on past employment.

UWV provides support and assistance to older people who are under official retirement age (67year old.) and are seeking employment. These measures include coaching and guidance (skills' assessment, identification of potential job opportunities, etc.); job matching (UWV has a largest database of vacancies in the country); training; financial support. 67+ people who wish to continue working can still receive some support and assistance from UWV, like guidance and work-related information or means tested financial support.

2. At the regional level. Netherlands' 35 regions have some degree of autonomy regarding their priorities, including related to employment policies, as a high level of decentralization exists. Cooperation between regions is encouraged and facilitated by all the national level institutions and public entities. Cooperation between private and public bodies is also strongly facilitated by the national level bodies. For example, the regions interact closely with private vocational education institutions (MBO Raad), commercial temporary employment agencies (ABU), boards of municipalities (VNG).

Regions and private agencies cooperate tightly as the latter have a broader network of employers and are faster/better for placements. Finally, a one-stop-shop created recently focuses on providing job seekers with all the services in one unique place. These are called the Regional Mobility Teams, and they aim at bringing together all different actors (UWV, Municipalities, National bodies, training centres and employers).

3. At the municipal level. Municipalities have the responsibility for providing social benefits for those not in unemployment (those in need of non-contributory social assistance programs). The duration of unemployment insurance is limited to two years maximum. After those two years, individuals still unemployed are covered by social assistance programs not anymore by the UWV. These

programs are managed at the municipality level and vary across the country. The caseload for municipalities for the inactive population is high: 1 agent for 300 people is the norm). Regional Mobility Teams (RMT) coordinate these services as well, and these RMT have been created in every single region

UWV and municipalities work together to provide services and support for older job seekers. This cooperation is based on a shared responsibility for social security and employment services and is enshrined in law.

Lifelong learning policies

A second presentation covered lifelong learning policies. These policies are viewed as a shared responsibility between employers, employees, and government. It is important to note that none of the policies related to lifelong learning are based on age-eligibility rules.

These are based on the following 4 pillars.

1. Strengthening learning demand of individuals
2. Stimulating employers and employees in learning
3. Flexible learning offerings
4. Encouraging a learning culture

The following 3 programs were presented: STAP, *Leerwerkloketten*, Tel mee met Taal.

STAP Program

One important program in the LLL environment is the STAP program. This program is new (started in 2022). It provides a compensation for training and stands for Stimulation of the Labor Market Position. The Stap Budget is meant for all employees and job seekers who want to improve their chances on the labour market. Applicants apply for a reimbursement of training costs of up to € 1,000 per year. Fixed periods for applications open 5 times per year. This is a stepping-stone programme with the aim to motivate or engage all citizens to participate in training.

'Leerwerkloketten' : Targeted career and training advice

'Leerwerkloketten' is a regional-level counter where anyone can walk by to get advice on career, training and education. It provides free development and career advice. It functions as a regional alliance between schools, institutions for vocational training, business owners and government agencies (municipalities and the PES). Together, these partners develop activities, information packs, products and services that improve the coordination between educational/training programmes and the labour market. This counter also provides funding for training: in 2022 it had an extra budget of 125 million euros to complement on top of STAP – this budget is reserved for individuals with lower educational achievement.

Towards a more skills-focused labour market: Competent NL and Tel mee met Taal

Competent NL is an effort driven by the Ministry of Labour and Social affairs to harmonize skill recognition across all social partners, with the aim of facilitating employment matches between workers and employers. Facilitated by the Ministry, UWV, social partners (vocational training institutions, employers as well as unions) have developed Competent NL. It is a "mapping of skills to jobs". The objective is to harmonize the description of skills needed to do jobs and acquired in training, and to increase the skill recognition of workers. (for ex: a gardener is the same as a landscaping employee). This facilitates not only matches, but also career switches, the identification of relevant training and reskilling

“*Tel mee met Taal*” (meaning : count on skills) is a subsidy scheme to stimulate basic (language and digital) skills. Through *Tel mee met Taal*, an annual subsidy is available for activities aimed at preventing and reducing low literacy among employees. ‘*Tel Mee met Taal*’ is designed to cover 2/3 of the training costs, with a maximum of 1500 euros for employees. This subsidy is exclusively targeted to low-literacy employees and parents. It can be delivered through two three different channels. It can be delivered through and to the employers, which then provides or funds the certified training for their employees. It can also be targeted to parents of children in school. In that case the subsidy is delivered to schools, nurseries, and libraries who provide the trainings.

Promoting labour participation of older jobseekers

In 2013, the government updated an action plan for older workers (over 50 years old). This update was deemed necessary given the high unemployment levels caused by the global financial crisis. The action plan included training activities such as ‘*succesvol naar werk*’ (successful to work), *inspiration days* for job seekers and employers, training voucher and placement fees.

Netwerktraining succesvol naar Werk: In this training the participants were trained in becoming more aware in their competences, presentation skills and networking with employers. Trainers and advisors of the PES were there to guide and train the seniors. This programme is the precursor to Talent 55+.

Inspiration days

Inspiration days were organized by the UWV and regional centers. In those inspiration days, Job seekers and employers got relevant information about possibilities to get in touch with each other and intermediaries. These were annual events over the whole country. There were 14.000 people that attended the inspiration days. Although impossible to evaluate in practice, the feeling was that these events were very successful.

In 2016, the government and social partners presented a joint plan to improve the labour market outcomes of the citizens over 50. This action plan was a follow up to previous structural reforms and specific programmes that were already in place. The core of this approach was to support over-50s in finding a new job, to make workers more agile on the labor market and to make employers less hesitant to hire over-50s. Three different measures are of particular interest:

- a) The use of financial instruments to support the hiring of unemployed over-50s by employers
- b) Public awareness campaigns to improve the images of the over 50s.
- c) The Talent 55+ programme

The first two measures are intended to increase the demand for older workers, while the third measure is designed to increase the supply and improve the human capital of older workers.

Financial incentives and reassurances to employers in the Netherlands:

To increase the demand for older workers, two financial instruments have been deployed in the context of the action plan: the wage cost benefit (until 2017 the mobility bonus) and the no-risk policy for older employees. Both instruments are intended to reduce the costs and the uncertainty of hiring older workers, to financially reassure employers to hire older job seekers.

1. The wage cost benefit is a discount that employers can receive for three years when they hire a benefit recipient aged 56 or older.

2. The no-risk policy compensates employers when older employees, whom they have taken on under the programme, become ill. An age limit of 62 years applied here, which has been lowered to 56 years for the years 2018 and 2019.

Evaluations based on in-depth interviews with employers on the risk policy show that around one-fifth of the surveyed employers reported the instrument to have made a reasonable or major contribution to the decision to employ an older person. However, the lion's share of employers indicate that the instruments have had no influence on the matching process. The picture that emerges from this evaluation is that the instruments generally do not make a major contribution to the recruitment of over-50s. Most employers mainly want a suitable candidate with few failure risks and see the instruments mainly as a pleasant extra. Three other main results can be summarized as follows:

1. The no-risk policy is relevant for small employers who find it difficult to bear the risk of absenteeism due to illness.
2. The no-risk policy is particularly interesting when there are doubts about a candidate's physical condition, for example due to previous absence due to illness or known injuries or complaints.
3. The wage cost advantage is particularly interesting when an employee still must follow training or needs extra guidance in the beginning

Public awareness campaigns to improve the images of the 50+

The government financed a wide and long media campaign to improve the image of the 50+ at work. A known former football player, John de Wolf, 55 years old, was hired as an ambassador for the 50+ workers. This campaign became well known in the whole country. The ambassador was highly present in all media outlets, in conferences, and invited to public and private company board meetings. Although it is in practice impossible to evaluate the effects of such wide campaigns, the different officials we have encountered stressed the positive impact of this campaign.

Strengthening sustainable employability

MDIEU subsidy scheme envisages the agreement on sustainable employability. The main task is to maintain participation in employment till 67+ maintaining productivity and happiness at the workplace. The scheme is stimulating workers to work longer. Employers and labour unions can cooperate in applying for subsidies. The subsidy can be used for promoting health and safe working and vitality; promoting being a good employer (mentorship); stimulating LLL and labour mobility (career counselling, skills passport); awareness and control over careers (for example, development of the ability to predict the own age-related career risks).

New strategy starting 2023

In November 2022, the Dutch government presented its new vision for the labour market position of seniors: de *Seniorenkansensie*, (in English Senior chance vision). The vision states an objective to further improve seniors' labour market inclusion. It recognizes their importance and value added, especially in the light of acute labour shortages. The leitmotiv is "*Grey is the new gold*".

Under the new strategy, three new pilots are envisaged:

1. ***Age discrimination and imaging***. These are measures that focus on changing the image of seniors and informational public communication about the opportunities of seniors especially aged 65 and over.
2. Intensive guidance and matching. These are measures that improve the alignment of demand and supply regarding senior workers.

3. Education. These are measures to improve the employability of older citizens and lifelong learning (Leven lang ontwikkelen/ LLO). They intend to increase the flexibility, the skills and competences of seniors.

Finally, the government is also starting an effort to further increase the employment rate of those already in retirement (above 67 years old). This is because there is a consensus that seniors can add value for a longer time, and the labor shortages make finding flexible and adapted work relatively easy.

Platform 50+ - a consortium to prepare employees over 50 for their future

Platform 50+ is a consortium of different NGOs that aims to increase the skills and employment outcomes of workers over the age of 50. This consortium of organizations was initiated by the founder of Randstad and is a philanthropic entity aiming to improve labour market integration (previously of youth and migrant workers, now also of older workers). The platform is responsible for developing new initiatives, implementing, monitoring, and evaluating them. It has a shared responsibility between employees and employers. Their objective is on improving the employability and decreasing negative images of older workers. All programs are evaluated by an independent body called ECORYS using impact evaluation tools.

The organization has initiated numerous programs. Two specific programs that the platform is engaged in are i) the digital skills passport for construction workers over 50 and ii) decreasing negative stereotypes around older workers.

The digital skills passport program aims to give workers more insight into their skill set, more trust in their ability to develop new skills, and more initiative to develop their skills. The long-term impact they hope for is to increase active participation in self-development, reduce absenteeism and sickness, and facilitate job mobility.

The program to decrease negative stereotypes involves training employers in human resource management to decrease conscious and unconscious stereotyping and developing a communications tool. The long-term impact they hope for is to reduce the long-term unemployment rates among those over 60 and increase the possibilities of people over 50 to change jobs.

Important results from the initiatives are that long-term unemployment is a serious situation to be avoided, job fields such as education, healthcare, and construction require specific attention, and there is no awareness of potentially vulnerable positions in the labor market for both employees and employers. The organization aims to create a workplace culture of trust in which sustainable employability is frequently discussed.

Third day

For the third day, we visited three different institutions in Alkmaar, a municipality in North-Holland. First, we visited UWV (the public employment services), then the Regional Mobility Center. We finalized the day visiting a private training provider.

UWV

The presentation covered a range of issues including:

- Key drivers for high labour market integration of older workers in the Netherlands. These reasons include a high pension age (67 years to get the full pension), also linked to strong financial incentives to continue working until retirement, as retiring early is heavily discouraged (it significantly reduces the pension amount). The tight labour market is also favouring employment rates of older citizens, as are the flexible working arrangements. Finally, UWV stressed the importance of the strong work culture in Holland, in which employment is important, seen as part of identity, further encouraged by the quality of social interactions at work.
- The “client journey” through the UWV for those receiving unemployment benefit. This is based on a profiling tool which determines the type of individual and counselling support recipients receive. While measures are not based by age; the age was the top main barrier to employment among unemployed. .
- The efforts of the UWV on training and up-skilling those most in need (those at risk of long term unemployment). The UWV can fund trainings for up to 5000 euros for those most in need, provided that the training is orientated towards an occupation with a positive prospective or with a guaranteed employment afterwards. This is often the case.
- The work of the Regional mobility teams. The UWV highlighted that the labour market services in Holland are fragmented, and can be perceived as unclear for the client journey. The Regional Mobility teams were added to avoid fragmentation to provide a one-stop-shop that can bring together all institutions helping those seeking employment or training.
- Potential solutions for employers to address staff shortages. These include two main areas of solutions. The first aims at exploring new talents. This can be reached by training current employees or job seekers, hiring people from other sectors, reaching out to retirees or those with occupational disabilities, and expanding search to look broader than just CVs. The second aims at organizing work differently. This can be attained through Looking at tasks and functions in a different manner, Looking beyond full-time contracts, collaborating between companies, making work more flexible.
- Job inspiration days. These are networking events hosted yearly by municipalities. The main purpose of the event is akin to a job fair, although with a slightly stronger emphasis on providing employment opportunities to those with the most “distance” to the labour market (with more difficult prospects of being employed).
- The work of the “*Leerwerkloketten*”, the regional counters providing career guidance and intermediation on trainings.

The Regional Mobility Teams and the private training center

The Dutch authorities presented us their Regional Mobility Team (RMT). The RMT is a one-stop shop where all different private and public regional actors gather to ensure that job seekers have access to all available opportunities. RMT are a policy initiative to support workers who face job displacement. They are part of the government's policy to promote regional labor market mobility, where workers are supported to move from declining sectors or regions to growing sectors or regions.

The RMTs consist of a network of public and private stakeholders. These include municipalities, employers, employee organizations, and training providers. All actors collaborate to provide personalized support and guidance to affected workers. The RMTs offer a range of services, including career counseling, training opportunities, job matching, and financial assistance, to help workers find new employment and improve their employability.

The RMTs have been successful in supporting workers who are affected by job displacement. They have been effective in reducing the number of workers who remain unemployed after losing their jobs and improving the speed with which workers find new employment. Moreover, the RMTs have contributed to a more efficient allocation of labor, as they help workers to move to sectors and regions where there is a higher demand for labor. For example, we heard about the example of a 61 year old office worker who retrained as a van driver..

In the late afternoon, we visited *Hoekstra*, a training company providing driving lessons for unemployed and working closely with regional mobility team. The demand for drivers and logistics in general has significantly increased in the past years. Employers' organizations are ready to finance expensive trainings to ensure the supply of drivers of all types.

Main lessons and next steps

Main lessons

A holistic approach to intergenerational policy in the Netherlands teaches that envisaged policies should aim for participation of all stakeholders and long-term sustainability.

Policies should engage related partners both in the decision-making process and implementation. Given the existing mismatch in the Lithuanian labour market, low motivation of the older population to participate in labour market, ageism, and frequent poor employability, the policies should promote new approaches and complex solutions to long-standing challenges.

The main take aways from this study visit concerns the focus of the pilot study. The Lithuanian authorities and the OECD agree the future pilot should have three main goals.

1. Improving employment among older-long term unemployed and older inactive population.
2. Promoting access to basic skills and training
3. Tackling ageism and low motivation among older citizens to participate in employment and lifelong learning.

Next steps

1. **Concrete policy step.** The Lithuanian authorities expressed their desire to appoint municipal-level coordinators based on the Dutch example. They would have the responsibility to coordinate the different services and programs between the public employment services, local and national administrations.
2. **Dissemination event.** A conference is to be organized in June in Vilnius. For this event:
 - a. A summary brochure of the findings of the project will be prepared by the OECD, and translated by the Lithuanian authorities.
 - b. Participation a minister or deputy minister, OECD and potential other experts
3. **Timeline for the roadmap.** A first version of the roadmap of policy reform is to be sent by the OECD by March 10. A virtual consultation on the roadmap is to be organized for the last week of March as well.
4. **Continuation of the project.** The Lithuanian authorities express their wish to seek funding to support the implementation of the proposed pilot, by submitting a request for the next TSI round. The EC states its availability to provide guidance in the process. The new project would seek: a) funding for the pilot; b) support for digital skills for the elderly as well as c) health-preventive measures to increase the age-friendliness of workplaces.