1 Assessment and Recommendations

This OECD review aims to support national and local policymakers in the Netherlands in ensuring that labour market services and programmes are delivered to those in need. The main focus of the report is on the City of Amsterdam, which is compared to the other large Dutch cities, namely Rotterdam, The Hague and Utrecht (together those four Dutch cities are commonly referred to as the "G4") and metropolitan areas across the OECD. This chapter summarises the OECD's assessment of employment and skills policies at the local level in the Netherlands and provides a set of policy recommendations for the Dutch authorities both at the national and local level.

Tightening labour markets across the Netherlands are putting pressure on municipalities to increase labour supply

The labour market in the Netherlands has tightened significantly over the past years, with some labour market regions now experiencing large gaps between labour demand and supply. In the second quarter of 2022, the ratio of job vacancies to short-term unemployed, defined as jobseekers who are unemployed for six months or less, rose above four. This is the highest level since the Dutch public employment services started calculating its labour market tension indicator in 2018. While labour markets are tight across the Netherlands, large regional differences in labour shortages exist. 30 of the 35 labour market regions in the Netherlands reported more than four job vacancies for every short-term unemployed. The labour market regions of Amsterdam and Utrecht experienced an even larger shortage of workers with vacancy-to-jobseeker ratios reaching 7.2 and 8.5. By contrast, the labour market regions of the other G4 cities, Rotterdam and The Hague, reported vacancy-to-jobseeker ratios closer to the national average (4.4 and 5.2 respectively).

The very tight labour markets pose significant challenges for firms. About one in two vacancies posted in the Netherlands is hard to fill according to an employer survey conducted by the public employment services in 2021. While four out of five employers cite a lack of applicants as the most important reason they fail to hire suitable workers, two out of five employers also mention a lack of skills and required expertise. While work-to-work transitions increased slightly during the COVID-19 pandemic in some OECD countries, only one in five employers in the Netherlands believes that the pandemic stimulated suitable workers to look for jobs in other sectors.

In the Netherlands, responsibilities for active labour market policies that support the labour market integration of the unemployed and the economically inactive are divided between the national public employment service (PES) and municipalities. The PES 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. While the national government develops the institutional framework and determines the funding for social welfare and active labour market policies, municipalities have large discretion over policy design and implementation. Municipalities, the PES and other stakeholders further coordinate their service provision to employers and jobseekers at the level of labour market regions.

Addressing shortages on the labour market by increasing labour force participation rates is a key policy objective across the Netherlands. The labour force participation rate for 15- to 74-year-olds increased significantly in the Netherlands over the past years, rising from 70.0% in 2010 to 74.9% in 2022 and is now significantly above the OECD average. However, large regional variation exists. In The Hague, the labour force participation rate stood at 70.0% in the first quarter of 2022, compared to 71.0% in Rotterdam, 74.9% in Amsterdam and 79.3% in Utrecht. In some place, the economically inactive therefore present a large resource of untapped labour market potential.

Large differences in socio-demographic population characteristics across Dutch regions and cities require active labour market policies that respond to local needs. In Amsterdam, Rotterdam and The Hague, more than 30% of the local working-age population had a first or second-generation migration background from Asia (excluding Japan and Indonesia), Africa, Latin America and Türkiye in 2022, compared with 20% in Utrecht. This large share of migrants requires policies responsive to both supply-side (e.g., language barriers) and demand-side (e.g., discrimination) barriers to their labour market participation. As for the rest of Europe, the rapidly ageing labour force is a challenge faced also by Dutch regions but has more severe consequences for some places. For example, in Amsterdam the net-inflow of university graduates into the labour market is projected to be high over the coming years. However, jobs that require a medium level of education will face a high wage pressure as many medium-educated older workers are expected to retire in the coming years without being replaced by new talent.

The very high share of part-time workers presents an additional potential source of labour. More than 1 in 3 Dutch employees worked less than 30 hours per week in 2021, the highest incidence of part-time work in the OECD. Among men, the share of part-time workers stood at 22% and 23% in the Netherlands and the North-Holland region respectively, compared to 8% on average in the EU-27. Among women, the share working part-time reached 64% in 2021, compared to 29% on average in the European Union (EU). In 2021, only 3% of Dutch women and 5% of Dutch men aged 15 to 64 working part-time reported that their part-time employment was involuntary. In the EU, 30% of all part-time employed reported working part-time involuntarily. This indicates that in the Netherlands, there is a large cultural component to working part-time. However, institutional barriers and a lack of incentives to work full-time could still provide a partial explanation for the very high share of part-time employment.

In addition to the need to increase labour supply in the Netherlands in general, workers and jobseekers need to upgrade their skills to respond to the changing job requirements on 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. Localised automation risks and the green transition further strengthen the need for forward-looking local actions that respond to changing labour market needs. Labour market megatrends such as 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. In the G4 cities, the share of jobs at risk of automation varied from 37% in Utrecht to 41% in Rotterdam in 2020, slightly below the OECD average of 46%. A detailed analysis of online job postings by employers in Amsterdam reveals that local labour demand is highest for occupations such as information and communication technology professionals and business and administration professionals who face relatively low automation risks. On the other hand, demand is low in many occupations that require mostly manual labour and where tasks can be automated relatively easily. However, high demand for labour in the care and construction sector shows that some manual labour professions also face shortages of workers. In the North Holland province where Amsterdam is the largest city, sectors that are likely to be adversely affected by the green transition account for 2.7% of total employment, the second highest share across all Dutch regions and above the OECD average of 2.2%. Intervening early and with foresight, may prevent affected workers from unemployment, long-term unemployment or economic inactivity.

Building local adult learning systems that complement continuous education and training programmes organised at the national level will be a key task for Dutch municipalities in close

cooperation with education providers, employers and the public employment service. Adult learning systems play an important role in how cities can manage the labour market transformation. 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. A strong adult learning system with tailored modular training and learning opportunities and multiple entry points help workers to take up new and emerging opportunities more readily. It also provides an essential tool for raising social mobility, especially among low-skilled individuals. Currently, only around 7% of the working population with less than secondary education in the Netherlands report that they participated in education and training over the past four weeks, compared to more than 20% among the medium educated and more than 30% among the highly educated.

What are the policy options to ensure that Amsterdam and other Dutch municipalities can support high-quality local job creation?

This OECD report has been developed following extensive consultations with stakeholders across Amsterdam and the Netherlands, including the Municipality of Amsterdam, the Ministry of Social Affairs and Employment, the *Uitvoeringsinstituut Werknemersverzekeringen* (UWV, the national public employment service) and the *Vereniging van Nederlandse Gemeenten* (VNG, Association of Netherlands Municipalities). Additionally, the OECD consulted with representatives from the *Sociaal Economische Raad* (SER, Social and Economic Council) of the Netherlands, the University of Amsterdam, the *ROC MBO College Amsterdam West*, the *House of Skills* in Amsterdam, the "Regional Mobility Team" Amsterdam, the "Regional Work Centre" Amsterdam, the University of Applied Sciences Utrecht and the Municipality of Utrecht. To improve local labour market service provision, the following recommendations could be considered.

Recommendations for strengthening the role of municipalities as providers of labour market services and integration measures

In the Netherlands, municipalities are responsible for the provision of means-tested social assistance benefits for the long-term unemployed and economically inactive. At the same time, they provide labour market services and integration measures (e.g., wage subsidies and sheltered employment) to those groups. The number of social welfare recipients varies across cities and regions. Among the largest Dutch cities, Rotterdam has the highest share of welfare recipients, with over 7% of its population receiving welfare benefits. This is followed by The Hague with 5.9%, Amsterdam with 5.6% and Utrecht with 3.7%. While the legislation defines the client groups municipalities are responsible for, municipalities are given extensive autonomy on how to provide labour market integration support. This policy autonomy allows municipalities to vary their offers based on the different local labour market needs and the characteristics of the people who require support. In addition, asylum seekers who have been granted a status to remain in the Netherlands are assigned to municipalities across the country. In such cases, the hosting municipality is responsible for their integration in the labour market and society more broadly.

The central government provides funding to municipalities to finance social assistance benefits, wage cost subsidies and labour market integration measures. Municipalities receive two separate grants from the central government. Since the Participation Act was adopted in 2015, municipalities receive bundled funding through a specific grant (*Bundeling Uitkeringen Inkomensvoorzieningen Gemeenten*, BUIG) that covers multiple social welfare regulations. Municipalities use the funds from BUIG to provide social welfare payments to those eligible within the municipal boundaries. BUIG is also meant to cover wage cost subsidies and expenditure on institutionalised and homeless persons. Since the Participation Law was adopted in 2015, municipalities with more than 40 000 residents receive their social welfare budget based on an objective allocation model. The model uses indicators at the household, municipality

and neighbourhood level to predict social welfare needs in each municipality and allocates the budget accordingly. The allocation mechanism does not consider realised or historical social welfare expenditure for these large municipalities. The objective is to incentivise municipalities to integrate social welfare recipients into the labour market such that the surplus can be spent in other areas. However, municipalities that spend more on social welfare than their allocated budget need to move funds from other areas into the social welfare budget due to a balanced budget requirement. The objective allocation model has two main sources of risk. First, patterns of repeated surplus and deficit may emerge if the allocation model does not fully account for all objective determinants of welfare expenditure. Second, a negative path dependency may also emerge if municipalities use funding for labour market activation policies to cover deficits in social welfare spending. Funding for the implementation of labour market activation policies that target the long-term unemployed and the economically inactive comes from the unconditional "Municipalities Fund". Its allocation follows objective criteria such as the size of the local population, and the share of social welfare recipients, corrected by the local fiscal capacity.

For the coordination of labour market policies beyond municipal boundaries, the Netherlands is divided into 35 labour market regions in which municipalities, the public employment service and other stakeholders coordinate their service provision to employers and jobseekers. The 35 labour market regions form a separate geographical level from the 344 municipalities and 12 provinces. These labour market regions, roughly corresponding to commuting zones, were formed to serve employers and based on existing cooperation within the regional business community. The cooperation in labour market regions 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.

Against the backdrop of ongoing labour market changes, facilitating work-to-work transitions is becoming an increasingly important task and is recognised as a task that is best organised on the level of labour market regions. Traditionally, municipalities have worked only with long-term unemployed and economically inactive, while training that facilitates work-to-work transitions was the responsibility of social partners. Several Dutch cities have recently assumed new responsibilities in this area to meet labour shortages and support workers. These efforts are meant to complement the work of social partners to facilitate work-to-work transitions across sectors. For instance, Amsterdam introduced the so-called *Regional Werkcentrum* ("Regional Work Centre"). The Regional Work Centre is a public-private cooperation of the municipality, the national PES and social partners. It has enabled Amsterdam to take on further competences to support PES-registered jobseekers and employees at risk of losing their job. As such, in Amsterdam the Regional Work Centre also overcomes the separation of public employment services for different types of benefit recipients to some degree. Some level of inefficient competition, such as in reaching out to employers and sourcing of vacancies, however, remains. In Amsterdam, the Regional Work Centre cooperates closely with the "Regional Mobility Team". Regional Mobility Teams are a cooperation between municipalities, the public employment services, educational institutions, and social partners. They were introduced in response to the COVID-19 pandemic and operate at the level of the 35 labour market regions. Regional Mobility Teams provide services to workers that are at risk of unemployment and initiate job transitions prior to the occurrence of layoffs. They also support jobseekers in finding new employment. However, it is currently unclear if Regional Mobility Teams will continue to be funded as the labour market effects of the COVID-19 start tapering off. Furthermore, Regional Mobility Teams have been implemented across labour market regions, with varying success. In some labour market regions, the teams are still not fully operational.

Skills-based job matching brings new opportunities but also challenges for Dutch municipalities. Skills-based job matching is a promising tool that can support, for instance, individuals who do not have

the formal education typically required in certain jobs. Matching based on skills is promising for municipalities that work with clients characterised by a low labour market attachment and, on average, relatively low levels of formal education. Skills assessments are also used to facilitate work-to-work transitions across sectors. Currently, more than 40 local skills initiatives exist across the Netherlands. Around half of these initiatives focus on skills assessments and on matching supply and demand on the labour market based on these skills. Skills assessment range from self-reporting to gamified methods, and by the skills taxonomies they apply to define and categorise skills. In the current environment that is characterised by historically high labour demand and low labour supply, employers may show willingness to try skills-based job matching. A key challenge for the upcoming years will be to ensure that all local skills initiatives across the Netherlands use a common framework, or skills taxonomy, that allows the transferability of skills and facilitates inter-sectoral and inter-regional job transitions.

Job carving can be a useful tool when individuals are recruited based on their skills but also has its risks. Job carving, which refers to the rearrangement of work tasks within a company to create tailor-made employment opportunities, can allow for a faster uptake of employment, limiting immediate training needs. In Amsterdam, job carving is frequently used in the care sector when care workers are hired based on skills assessments. On the one hand, it allows care workers to work on tasks that correspond to their strengths and interests. On the other hand, it increases the risk of a lack of opportunities for career progression if workers remain highly specialised on specific tasks.

Recommendations for strengthening the role of municipalities as providers of labour market services

Assign responsibilities for labour market service provision to the most efficient sub-national level

- *Assign responsibilities for labour market service provision to labour market regions more clearly and formalise leadership roles within these.* De facto, efficiency in regional labour market service provision depends on the leadership of the largest municipality in developing labour market policies for their labour market regions. The buy-in from smaller municipalities varies and they often lack the resources to drive cooperation. The current situation therefore raises questions about legitimacy, funding and accountability of regional labour market service provision that could be defined more clearly by the national government.

- *Define the role of municipalities in facilitating work-to-work transitions and seek to further integrate the employment service system at different levels of government*. To this end, the Netherlands could consider institutionalising and continuing the "Regional Mobility Teams", which were introduced in response to the COVID-19 pandemic. The funding of the *Regional Mobility Team* could be continued to give labour market regions a permanent tool to facilitate work-to-work transitions of employees at risk of job loss. The Amsterdam labour market region provides a promising case study where the *Regional Mobility Team* works together with the *Regional Work Centre*, a public-private cooperation of local employers, the municipality and social partners. The partnership ensures that employment services are facilitated in close consultation with local business needs. Going forward, the *Regional Mobility Team* and the *Regional Work Centre* could be merged in Amsterdam while other labour market regions could strengthen their *Regional Mobility Teams* by drawing on lessons learnt in Amsterdam.

Ensure sufficient funding for activation policies while maintaining incentives to integrate social welfare recipients into local labour markets

- *Monitor path dependencies in social welfare budgets and their interaction with funding for labour market activation policies.* The Dutch government could consider adjusting the allocation model for large municipalities of more than 40 000 residents, should a clear pattern of repeated surplus and deficit in municipal expenditure emerge. Just like for smaller municipalities and those in the

hybrid category, the budget allocated to large municipalities could be partly based on social welfare expenditure in previous years. This would maintain the incentive for municipalities to integrate social welfare recipients into the labour market while ensuring that necessary financial means to fund activation measures are not declining over time.

- *Evaluate frequently if the funding from the Municipalities Fund is sufficient for municipalities to carry out their new tasks related to labour market activation policies.* The effectiveness of the incentive system built into the allocation of central government grants for social welfare critically hinges on municipalities' ability and financial endowment to integrate social welfare recipients into the labour market. It is therefore important to assess regularly if available funding is sufficient for municipalities to finance appropriate policy instruments that support the activation of the economically inactive. If such assessments conclude that the Municipalities Fund is insufficient to cover municipal responsibilities that are meant to be covered by the fund, a policy option would be to increase municipal taxing autonomy (while potentially decreasing the size of the fund to a lesser extent than the additional expected local revenue). This could strengthen financial autonomy of municipalities and could lead to a more adequate local capacity to respond to local needs in domains laid out in the Participation Act.

Use the momentum created by tight labour markets to advance skills-based labour market matching

- *Develop a skills taxonomy across the Netherlands and harmonise the assessment and validation of personal skills.* Combining and harmonising methods and tools of skills assessments would send a strong signal to employers whose buy-in remains the crucial element of skills-based job matching. *CompetentNL*, an initiative led by the Dutch public employment services (UWV), currently works on a skills taxonomy for the Netherlands that aligns with the Flemish *Competent* initiative, the European Skills standard (ESCO), and the occupation-to-tasks framework known as O*NET. Central government leadership in developing a national framework and strategy for a skills-based labour market can benefit all regional labour markets and ensure skills are transferable across the Netherlands. *CompetentNL*'s work could further be extended to include harmonisation efforts of skills assessments.

- *Closely monitor the consequences of job carving and ensure individuals who obtain employment based on skills-based matching continue to receive adequate training.* Early experiences in Amsterdam suggest that job carving may limit career progression if no additional training is provided once individuals obtain employment based on their skills. Municipalities could ensure that skills-based matching initiatives include opportunities for continuous education and training, in particular for low-educated individuals who do not have a stable employment history.

Recommendations for improving local labour market information systems

Accurate and timely labour market information constitutes the basis for local policymaking. One challenge local policymakers face is that data collected at the country level is not always representative on smaller geographical levels. Even if surveys are designed to accurately represent sub-national regions, slicing data for example by occupations, economic sectors or population groups at the same time can nevertheless lead to unreliably small sample sizes. Similarly, local policies can be informed by past experiences of other regions but the transferability into a different labour market context requires great care. It partly falls on local governments to ensure that policies at the sub-national level still have the necessary knowledge and evidence base to carry out local labour market policies. Continuously improving local labour market information systems through the creation of local databases using administrative data, disaggregated survey data where possible and the evaluation of past local policies is therefore essential.

The labour market information systems in Dutch municipalities are advanced in some of the larger municipalities. The partnership between the *Centraal Bureau voor de Statistiek* (CBS, Statistics Netherlands) and municipalities has intensified in recent years within so-called *CBS Urban/Rural Data Centres*. UWV supports municipalities by producing labour market indicators at the level of labour market regions. These indicators include vacancies-to-unemployment ratios, lists of vacancies by occupations, employment trends based on register data and labour market forecasts. The municipality of Amsterdam also started to catalogue policy instruments for labour market interventions more systematically within its *Instrumentenwaaier* (catalogue of policy instruments). The *Instrumentenwaaier* lists labour market services across different themes, such as training, job coaching and education. It also spells out eligibility requirements and contact information of different labour market instruments. To add a quality component to the catalogue, the recently founded "Commission of effectiveness of labour market instruments" gives an ex-ante assessment of policy instruments the municipality plans to implement based on secondary literature. However, these initiatives remain in their early stages and could be gradually expanded.

The different jobseeker registration systems exemplify the need for increased efforts towards intensified cross-institutional exchange. Some jobseekers transition from unemployment benefits into social welfare, requiring an exchange of information between UWV and the responsible municipality. Others move across municipal boundaries, requiring municipalities to exchange information on clients. Currently, separate registration systems are used by UWV (SONAR), the municipalities of the G4 (RAAK), other municipalities, and the labour unions (PARAGIN), hamper the cross-institutional exchange of information. OECD consultations within the municipality of Amsterdam further revealed that Amsterdam's administrative system in which jobseekers are registered by account managers of the municipality is difficult to navigate for staff that operate under time pressure. For example, professional service staff employed by the municipality who support jobseekers by contacting local employers for work opportunities (so-called "job hunters"), flag that the current registration system leads to delays in contacting suitable employers when protocols between account managers, job coaches and job hunters are followed.

Recommendations for improving local labour market information systems

Continue improving local labour market information systems

- *Build on Amsterdam's efforts to catalogue policy instruments by adding ex-post evaluations where possible*. The Municipality of Amsterdam could consider adding ex-post evaluations of effectiveness as a component to the catalogue. To this end, the Commission of effectiveness of labour market instruments could cooperate more closely with the Municipality of Amsterdam's research department. The research department could use their administrative data sources to identify participants in different programmes offered by the municipality and share these with the Commission to enable joint evaluations. Other municipalities across the Netherlands could benefit if results are made publicly available.

- *Create CBS Urban/Rural Data Centres in all municipalities.* CBS Urban Data Centres are collaborations between the *Centraal Bureau voor de Statistiek* (CBS, Statistics Netherlands) and municipalities. Similarly, CBS Rural Data Centres exists in less densely populated areas in the Netherlands. Within the cooperation, CBS supports municipalities in slicing survey and register national data for use at the local level and link it to administrative data sources. Such cooperation can therefore create new local labour market indicators and expand the evidence base to inform local labour market policies. Municipalities that do not currently have a CBS Urban/Rural Data Centre could consider creating one.

Facilitate cross-institutional exchange and learning

- *Harmonise and simplify jobseeker registration systems across municipalities, UWV and labour unions to ease the internal and cross-institutional exchange of information on jobseekers*. One

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technical obstacle to an efficient information exchange on jobseekers is that separate registration systems are used by UWV (SONAR), the municipalities of the G4 (RAAK), other municipalities, and the labour unions (PARAGIN). Harmonising and simplifying jobseeker registration systems across institutions could therefore lead to efficiency gains in labour market integration programmes.

- *Strengthen VNG's role in cross-municipal learning.* A variety of labour market instruments are applied across Dutch municipalities, but little cross-municipal learning exists. The ability of municipalities to experiment with local innovative solutions for the activation of residents and to manage long-term labour market transformations within their region is a strength of the multi-level labour market governance system in the Netherlands. VNG could therefore strengthen its role by providing a platform for municipalities to share experiences and best practices. While acknowledging that some actions are place-specific and hinge on the cooperation with local partners, lessons from many labour market instruments may be generalisable and offer the opportunity for innovative ideas to spread around the country.

Recommendations for increasing local labour force participation and the transition into full-time work in Amsterdam

Amsterdam's population is more diverse than the country average, requiring labour market activation measures that target specific segments of the local population. For instance, in Amsterdam, the population with a first or second-generation migration background from Asia (excluding Japan and Indonesia), Africa, Latin America and Türkiye constitutes close to 30% of the working-age population in 2022. The labour market attachment of migrants and refugees in Amsterdam is low, calling for additional measures that remove obstacles these groups face on the labour market. Among residents with a migration background from Asia (excluding Japan and Indonesia), Africa, Latin America and Türkiye in 2022, the labour force participation in Amsterdam stood at 68.4% in 2021, compared to 76.5% among those without a migration background. Similarly, the unemployment rate among residents with a migration background from Asia (excluding Japan and Indonesia), Africa, Latin America and Türkiye in 2022 stood at 8% in 2021, double that of those without a migration background.

Early-stage intervention targeting asylum seekers as soon as they arrive can ensure that refugees show a higher labour market attachment later. Academic research has linked the time asylum seekers spend waiting the decision of their asylum procedure to lower employment rates at later stages of refugees' stay in their host country. To avoid a deterioration of skills and to mitigate negative psychological effects of long-winded asylum procedures, early-stage interventions are important. Evidence further suggests that while the labour market integration of refugees is a vital step towards a broader societal integration, the societal integration of refugees can also facilitate their economic integration.

The uncertainty regarding the duration of stay among some migrants and the limited transferability of degrees across borders require labour market policies that account for these realities. One of the reasons why refugees and some migrants who came for economic or family reasons have a low labour market attachment in OECD countries is that qualifications obtained in their country of origin are not easily transferable into OECD labour markets. However, starting over and obtaining formal education in the host country is often not an attractive option, in particular when the duration of stay is uncertain. To increase employment rates among these migrant groups and avoid their clustering in low-skill jobs thus may require offering targeted modular courses.

Expanding modular courses that offer digital skills and language training is one policy option that has proven successful for migrants in other OECD metropolitan areas. Teaching migrants advanced digital skills has several key advantages, in particular when combined with language training. First, advanced digital skills are in high demand across the OECD and jobs in the information and communication

technology (ICT) sector usually fall into the medium to high-income range. Second, basic but specialised skills in coding and programming can be taught in short modular courses. Finally, digital skills are easily transferable into other countries. Amsterdam's *TechGrounds,* an initiative that targets disadvantaged neighbourhoods by offering digital skills training through self and peer-learning in designated training centres is therefore promising. *TechGrounds* main strength is a mentoring scheme that involves professionals from the tech industry who can facilitate job matching. However, it does not currently cater its offers to migrants specifically.

One of the striking features of the Dutch labour market is the high share of part-time work across all regions. In the Netherlands, 42% of all employed workers worked part-time in 2021, with little regional variation. Among women, the share of part-time work reached 64% in the same year. Part-time work incidence among women in all Dutch regions lies significantly above the EU-27 average, which stood at 29% in 2021. Only a small share of part-time workers in the Netherlands report to be working part-time involuntarily. However, incentivising full-time work could nevertheless be considered in response to rising labour shortages. For instance, 4 000 part-time workers in Groot-Amsterdam, the metropolitan region of Amsterdam, state they would be willing to work full-time and are available to do so. Institutions such as parental leave arrangements, access to high-quality flexible childcare and after school care could therefore still provide a partial explanation for the very high share of part-time employment. There are also differences in net childcare costs across the country, with costs being highest in Amsterdam.

Progress has been made towards retaining older workers in Amsterdam's workforce but labour force participation among those aged 65 and above is still significantly below that of some other OECD metropolitan areas. Demographic change brings about new labour market challenges. Across the OECD, the ratio of people aged 65 and over to people of working age is projected to rise from 1 in 4 in 2018 to 2 in 5 in 2050. Ensuring that older workers remain part of the labour force has therefore become a key priority across OECD countries. Much progress has been made in the Netherlands to increase economic activity rates of older workers below retirement age. The labour force participation rate of those aged between 55 and 64 increased from 55% in 2010 to 74% in 2021 and is now well above the EU-27 average of 64%. Some further efforts could target those aged 65 and above. The labour force participation of people aged above 65 stood at 10% in both the North Holland region and the Netherlands as a whole. This is above the EU-27 average of 6% but well below the economic activity rate of old-age workers in OECD metropolitan areas such as Stockholm (19% in 2021) or Prague (14% in 2021).

Recommendations for increasing labour force participation and the transition into full-time work in Amsterdam

Tailor local labour market integration policies to the realities of migrants and refugees

- *Consider creating a local strategy to decrease discrimination against migrants in the labour market.* The city of Amsterdam could consider designing a comprehensive strategy that tackles local discrimination against migrants on the labour market. Best practices from other OECD cities can serve as inputs into such an anti-discrimination strategy. Important elements could include committing to diversity goals in the public sector, supporting local employers in drawing up diversity strategies, running public relations and media campaigns that disseminate factual information about migrant groups and enforcing existing anti-discrimination legislation by making bad hiring practices publicly known.

- *Build on the existing TechGrounds initiative to target migrants with modular learning to build advanced digital skills*. The municipality could provide funding to expand its designated *TechGrounds* training centres to include elements of the *ReDI School of Digital Integration*, a non-governmental organisation founded in Berlin that offers refugees a wide range of modular courses to develop advanced ICT skills. Offers could target female migrants specifically and help to overcome potential cultural barriers to female economic activity, for instance by offering

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childcare during the duration of courses. *ReDI* works closely with ICT industry professionals who function both as volunteer teachers and mentors to refugees who participate in the courses. The role as teachers allows mentors to identify strengths in students and then recommend them to potential employers. Such modular courses could be offered in English and interpreters could be hired if required. Language courses could be offered in parallel.

- *Consider projects that promote both the labour market and the societal integration of asylum seekers.* To ensure that asylum seekers do not experience a decline in their skills and to facilitate their societal integration, Amsterdam could draw inspiration from the city of Utrecht's *Plan Einstein.* The Plan Einstein is a partnership between local NGOs, social enterprises and educational institutions. The project houses asylum seekers and refugees in the same living facilities as local young people. Co-housing and co-learning are a central part of the project. The project organises joint social activities and workshops, courses in English and entrepreneurship to improve social cohesion while improving participants' labour market opportunities.

Remove local barriers to full-time employment among involuntary part-time workers and support companies in retaining older workers

- *Consider expanding childcare offers in municipalities where net childcare costs are highest to increase male and female labour force participation*. The Dutch central government has recently increased funding to municipalities to improve childcare services. The planned gradual increase in central government spending to cover childcare costs could further incentivise some men and women to work full-time instead of taking on caregiver duties at home. Municipalities where childcare costs are highest could investigate complementing these efforts by further building childcare facilities.

- *Support local companies in creating the right conditions for older workers and facilitate their transition into new roles within companies*. The city of Amsterdam could approach local employers and support them in their efforts to retain older workers. Successful initiatives from other OECD cities such as the "Life Phase Policy" by Oslo Airport centre on raising awareness for senior employees to participate in life-long learning. For instance, such training can allow older workers to transition from physically demanding jobs into consulting, managerial or teaching roles in case they face age-related physical constraints. Other elements include the promotion of flexible working hours for workers approaching retirement age and promoting workplace health.

Recommendations for increasing participation in adult learning and training in Amsterdam

The primary objective of adult learning is to offer opportunities for retraining and upskilling. The groups that stand to benefit the most from such opportunities consist mainly of individuals who face heightened risks in the labour market. They include low-skilled workers whose jobs have a greater likelihood of being automated or markedly changed by automation. Other vulnerable groups consist of young people who enter the labour market or migrants that might not have the right skills demanded in the local economy or struggle with the recognition of their foreign qualifications.

A comprehensive long-term plan on adult learning would support the municipality of Amsterdam in building a local adult learning system that can complement national, regional and sectoral reskilling and upskilling programmes. While adult learning and continuous education and training are more important than ever before, Amsterdam currently lacks a comprehensive long-term plan that lays out a clear and comprehensive skills strategy. Amsterdam's labour market is changing rapidly, and many

promising skills development initiatives exist across all levels of government, sectoral organisations and within individual firms. To find its place in an adult learning landscape characterised by a wide range of rather fragmented offers, a broader vision for the city's skills strategy, including strategic responses to long-term labour market megatrends, would counter skills gaps and mismatches.

Gathering timely information on local skills needs and seeking close cooperation with local employers can guide Amsterdam's adult learning strategy. Frequent data gathering through employer surveys is key to designing effective education and training offers. However, in the Netherlands, timely data on employers' needs is currently not available to local policymakers. Surveys such as the *arbeidsvraagpanel* ("Labour demand panel") are carried out by the *Netherlands Institute for Social Research* over periods of two years. A representative sample of companies is asked to answer questions about various topics such as recruitment, retaining and the training of staff. However, the data is only publicly available after more than two years following the survey. The UWV employer survey is comparable to parts of the *arbeidsvraagpanel*. In 2020 and 2022, UWV conducted a survey on recruitment and skills among 10 000 companies in the Netherlands, with a response rate of around 30%. The focus of the survey, problems in recruiting and retaining staff, skills requirements and skills developments within occupations is promising. However, additional sub-national statistics that could be calculated based on local industrial composition and occupation-level skills needs are currently missing. In the absence of such detailed sub-national level statistics on skills needs, an analysis of skills requirements listed in job vacancies posted by local employers, and an institutionalised dialogue with local employers becomes even more important.

An Amsterdam adult learning strategy could further take into account distinct characteristics of Amsterdam's labour force, its companies and wider population. For instance, in 2021, the share of self-employment in total employment stood at 21% of total employment in the North-Holland region, of which Amsterdam is the largest city, compared to 18% in the Netherlands and 15% on average across the EU-27. Among these self-employed in the North-Holland region, 81% were own-account workers without any employees. Compared to the full-time employed, own-account workers are 11% less likely to participate in continuous education or training. On the other hand, their willingness to participate in such measures is similar to that of full-time employees. The low participation rate of own-account workers in education and training is explained in part by their relatively stricter financial and time constraints. Similarly, 60% of all employed workers in Amsterdam work in small and medium-sized enterprises (SMEs). SMEs often lack the financial and human resources to offer options of continuous education and training. As a result, the participation in adult learning is significantly lower among employees of SMEs compared to those working in larger companies. Evidence from OECD cities suggests that financial incentives are often insufficient to increase the participation in continuous education and training among employees in SMEs. Targeted city-level measures could therefore complement the central government's new Stimulering Arbeidsmarkt Positie ("Improving labour market positions"; STAP) initiative. The STAP budget covers the costs of workers who want to participate in adult learning of up to EUR 1 000 annually, regardless of the type of their employment contract.

Recommendations for increasing participation in adult learning and training in Amsterdam

Develop a long-term strategy for the role of Amsterdam and other municipalities in the Netherlands' adult learning system

- *Develop a clear, comprehensive and long-term local skills strategy.* The rapid transformation of the labour market requires a comprehensive and integrated approach that lays out a clear vision and objectives for the future of Amsterdam's labour market and economy. The strategy should entail the definition of short- and long-term goals and build on timely data as well as forecasting analysis to anticipate future changes to skills needs. It should define the role of municipalities as a provider of adult learning in close cooperation with the national government to ensure complementarities in continuous education and training offers. A diverse advisory board that

helps inform and steer the strategic direction of local skills development policies could be created. Bringing together employees, political decision makers, trade unions and local employers could help to design a skills strategy that aligns with local labour market needs and simultaneously pursues social objectives such as social mobility, life-long learning and support of vulnerable groups. The advisory board could also include local education providers to ensure that their modular course offers are flexible and correspond to local labour market needs.

- *Cater adult learning offers to functionally illiterate adults to increase their labour market attachment.* Amsterdam and the other G4 cities could further expand their learning offers to functionally illiterate adults, following an inclusive model such as that pursued by Berlin's Centre for Basic Education. The Berlin Centre for Basic Education targets Berlin's functionally illiterate adults by serving as a point of first contact for basic education and adult literacy. It offers guidance events and individual counselling to those in need and compiles all of Berlin's learning and consulting offers for functionally illiterate adults into a catalogue. To reduce stigma related to adult illiteracy and to reach illiterate adults, the Centre for Basic Education introduced a specific label. The label can be obtained by institutions and organisations, is attached to the entrance of buildings and signals that trained staff and easy-to-read signs are present to ease the accessibility of services.

Gather demand-led labour market information and seek closer engagement with local employers

- *Set up regular skills-needs surveys of enterprises in Amsterdam or extrapolate local skills needs based on national-level skills-needs data disaggregated by occupation.* A local survey could collect comprehensive data and information on skills challenges that employers report both within their existing workforces and when recruiting. Data collected could include the levels and nature of investment in training and development as well as the relationship between skills challenges, training activity and business strategy. Building upon and supporting the expansion of existing surveys conducted by UWV could yield such valuable information in a more frequent manner. A short-term solution could also be to combine national-level skills-needs surveys with information on the local industry structure.

- *Increase cooperation with employers in the planning of skills policies.* Institutionalising exchanges with local business representatives could ensure closer collaboration with the private sector on skills policies. One option could be to set up a skills business advisory group that represents enterprises of different sizes and from different sectors and offers guidance to political decision makers. Such a stronger collaboration and exchange of information between the municipality and local firms could then help shape continuous education and training programmes according to local needs and incentivise firms to make use of such training opportunities.

Strengthen workplace training and tailor support to the needs of SMEs and own-account workers
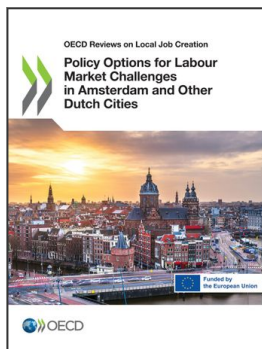
- *Establish peer-learning platforms that spread good workplace practices and share resources for training among firms in Amsterdam.* Such platforms could facilitate knowledge sharing of successful management practices, internal skills development strategies, and uptake of new technologies or other innovations. Such networks could further identify training needs and develop and organise joint training measures. These can then be carried out across company boundaries in a resource-saving manner. Amsterdam could support the creation of such networks while ensuring that the smallest companies, where participation in adult learning is lowest, participate.

- *Introduce new adult learning support measures for SMEs that go beyond financial incentives to raise participation in training and learning among their employees.* Amsterdam could pursue an

approach similar to the city of Vantaa, Finland, where project account managers employed by the city are assigned to SMEs to contact SMEs proactively. Following a joint skills needs assessment, suitable training programmes are then suggested to SMEs and their employees. Another policy option is to support SMEs in bundling their staff training needs, for example through group training networks similar to Germany's *Weiterbildungsverbünde* ("Continuous education and training employers' networks").

- *Expand funding offers to increase the participation of own-account workers in adult learning.* To increase adult learning participation among own-account workers and increase their productivity, Amsterdam could cover training costs of business-relevant education. One option would be to follow a model similar to Vienna's Waff Training Account. The Waff covers 80% of total training costs up to a maximum of EUR 2 000. To account for time constraints faced by own-account workers, training applications forms are easy to submit online and reimbursement claims can be made before or after training participation.