

Barriers to and triggers of policy innovation and knowledge transfer in the Netherlands

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Executive Summary

The paper reports on the barriers and enablers of policy change and innovative policy reforms in the Netherlands to tackle the barriers to ‘successful’ school-to-work transitions on the labour market which youngsters face. It starts with sketching the way the institutional structures operate as barriers or enablers of innovation and the launching of ‘best practices’. Although youth unemployment and NEET’s rates are relatively low in the Netherlands, they peaked during the recent crisis. Moreover, the average picture masks the large heterogeneity or diversity among the youngsters. Youngsters without a minimum or start level qualification on the labour market have very little chances to get a secure job that fits their skills whereas for the high skilled ICT worker the chances to make a career are fairly high. Youngsters are increasingly enrolled in temporary jobs with reduced chances over time to move into regular employment and therefore lack income and employment security. Finally, there are significant qualitative mismatches between supply and demand of labour that confront notably low-and medium skilled youngsters. The Dutch labour market therefore faces many challenges with respect to youth. This asks for innovative policies that take up these challenges by removing the barriers within the education, labour market, social security and welfare institutions to improve the employment and income perspectives of youngsters and to reduce these mismatches.

At national level we observe that the stakeholders in the social domain conclude social covenants, social accords and multi-lateral agreements to change existing policies or to find agreement on innovative reforms and practices that are better suited to tackle the main issues. Because policies in these domains are implemented at local level we will also devote attention to policy innovations and best practices at the local level. Notably we will report on local initiatives to realizing a youth guarantee plan (called a “Youth Unemployment Free Zone”) in the region Mid-Brabant in the Southern part of the Netherlands and innovative education reforms practices in the main capital Amsterdam. We argue that a novel innovative way of ‘governance’ known as the ‘knowledge triangle’ or ‘triple helix’ (collaboration at local level between the public sphere, the knowledge institutions and the market) may receive common support among stakeholders at local level. This novel approach mirrors a shift with the classical way of governance that is project-oriented and subsidy-based and coupled to financial incentives into a network-based collaborative and more pro-active and preventive approach that is conducive to innovative ‘best practices’.

Key words:

Youth policies; school-to-work transitions; policy innovations; policy learning; policy transfer.

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1. Dynamics of policy change and innovation

1.1 Governance and socio-economic structure at national level

The governance structure with respect to youth policies mirrors the features of the Dutch welfare state, highly centralised in terms of policy formation but with decentralised responsibilities for the execution of specific policies notably in the domain of labour market, social security and welfare. Youth policies at national level are the joint responsibility of the Ministry of Social Affairs and Employment (labour market, unemployment insurance, social assistance), the Ministry of Culture, Education and Science (education, internships and apprenticeships), the Ministry of Health, Welfare and Sport (health and youth care) and the Ministry of Safety and Justice (youth delinquency).¹ These ministries are responsible for law making and law maintenance in their respective policy domains. With respect to the labour market and social security including social assistance, relevant law regulations concerns labour law (employment protection, minimum wage, extension of wage bargain agreements to other sectors) and social security law (unemployment insurance, employment and social assistance, general disability, disability for youth, participation act etc.). Youth policies did belong to the authority of a separate Minister in the previous Government (Rutte I: 2010-2012) but in the new Rutte II Cabinet in power since 2012, the arrangement came to an end. The conditions for integration of youth policies appear therefore to have become worse after the fall of Rutte I in 2012 even though there is lack of evidence to what extent the existence of a project ministry on youth has initiated policy changes which improved the integration of youngsters.

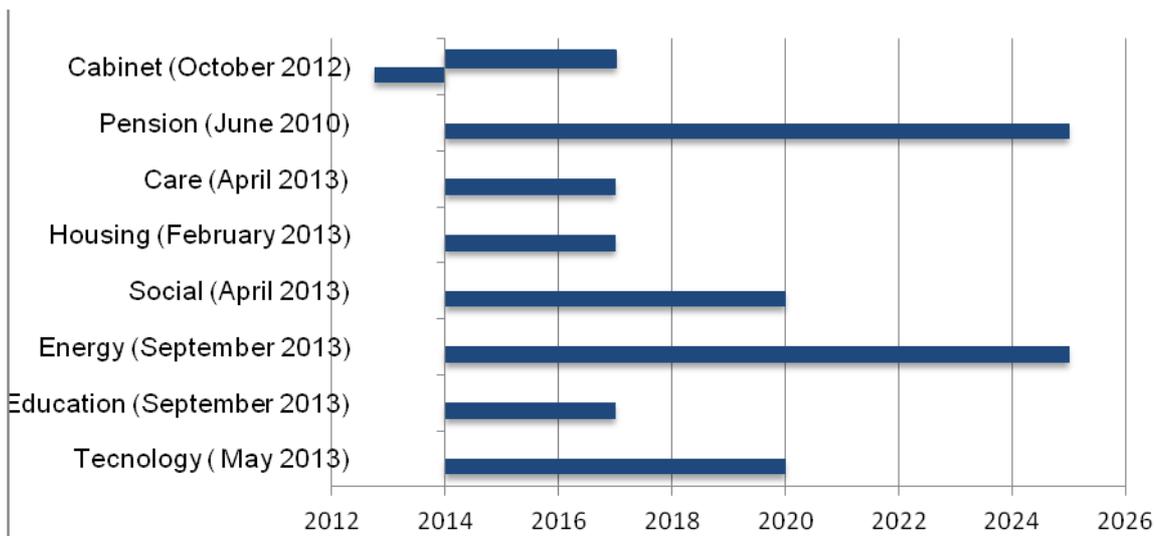
Pact-making by the new Cabinet Rutte II

Dutch politics is known for its attempts of national consultation and the concluding of social pacts between the government and the social partners. In periods of a soaring economy when governments are unable to stimulate economic growth, the Dutch government sought to establish societal accords in which agreement is sought with the societal partners and interest groups to legitimize the implementation of political reforms (Visser and Van der Meer, 2012). In 2010 the process of societal pact-making came to a halt when the Unions disapproved the reform of the national pension schemes. This has led to a deep crisis especially in the Dutch trade union movement. A recent paper by Hemerijck & Van der Meer (2015) gives a clear overview of the societal accords or pacts concluded after the new Cabinet Rutte II was formed in November 2012. The Cabinet Accord concluded between the coalition partners of the liberal and social-democratic party have been completed with unprecedented speed. The societal accords should be distinguished from the

¹ See: <http://www.youthpolicy.nl/yp/downloadsyp/Publications-The-decentralisation-and-transformation-of-the-Dutch-youth-care-system.pdf>

parliamentary accords, even though the substance and timing were rather similar: the latter were needed because the new coalition government has no majority in the First Chamber making support from other political parties necessary such as the Social Democrats, the Green Left party or the small Christian Parties. At the same time the Cabinet was fully aware of the need to initiate structural reforms in the education, housing, pension, care and labour market, which had been postponed for too long during the four Balkenende Cabinets before. In the first year of the Rutte II Cabinet apart from the Cabinet accord five structural reforms were initiated, on education, housing, social affairs, care and energy. A sixth reform on the tax system has been postponed to 2015-2016. The accords will not immediately come into force but will take a rather long period of implementation to gradually cover more cohorts of people. In this way the reforms will meet less political and societal opposition and will gain more support from the public. For the labour market and welfare system the social and technology pact (incentives for youngsters up to 18 years to choose for education, training and work in the technology sector to reduce labour supply shortages) appear most relevant even though the care, housing and energy pacts will affect the socio-economic position of people and therewith the labour market too. The pension accord (raising the pension age to 67, creating more stability in the pension premiums, the flexibilisation of pension contracts in the second pillar and improving the supervision) does not immediately affect the youngsters because of which we will not discuss it in further detail. Below we discuss the social accord more extensively.

Figure 1: The various pacts and their applications period concluded in 2013-2014 in the Netherlands



Source: Hemerijck and Van der Meer (2015)

The social accord of April 2013

In the fall of 2012, the new Rutte II Cabinet already contacted the social partners to seek support for the implementation of the Cabinet reform plans. This resulted in the conclusion of a Social Pact duly signed on 11 April 2013 but at a rather unexpected moment when the trade unions were involved in an internal crisis. Immediately, after it was signed it was framed as an historical accord similar to the employment Accord of Wassenaar in 1982 at the wake of the severe economic crisis of the early 1980s. The Social Accord is therefore unique also because it got support from all the member unions of the FNV Trade Union Federation who at that time were struggling with each other about the future

strategy of the Federation. The dispute between the unions in the Federation basically mirrors the larger diversity and segmentation within the employee population into various strata with more or less favourable employment conditions. It was the first time since 2010 that a major crisis arose in the internal organisation of the Dutch trade unions following the Pension Accord (June 2010) that had been negotiated harshly and that in the eyes of several trade unionists did not deserve support.

The Social Accord of 2013 contains a set of socio-economic measures to address growing unemployment, to increase job-to-job mobility and to render temporary workers more protection through shortening the period after which a regular contract should be offered. In addition the accord contains tax agreements on pension and early retirement reforms. These are less important for youngsters than the agreed principles on a more preventive approach to tackle unemployment and to help people into new jobs (work-to-work trajectories), preferably before they have to claim unemployment benefit. Therefore, the conclusion of a Social Accord in 2013 came as a surprise or a 'blessing in disguise' especially for the new Government also because the relations between the social partners in the Dutch Polder had worsened in the previous attempts to conclude a tripartite pension accord in the years before the failure of which put a lot of pressure on the relationships between the social partners in the Dutch Polder. Thanks to the concluding of this accord, the new Cabinet got support from the social partners to enact and implement the reforms they had agreed on in their coalition agreement between the Liberal and the Social Democratic Party including reforms of the pension system and the labour market. With respect to the labour market the reforms were aimed at creating more labour market flexibility by reforming the employment protection regulations (the new Act on Employment and Security comes in force in July, 1 2015) while at the same time maintaining income and employment security. However, because the coalition lacks the majority in the First Chamber it had made the Coalition nevertheless dependent on the support of non-coalition parties such as the social democrats and some small Christian parties.

Reform of the Employment Protection regulations as of 1 July 2015

For youngsters the most important reform concerns the employment protection regulations to be implemented by July 1, 2015. The Social Accord in 2013 altered the court formula for calculating severance pay (from one month for each year of service to 1/3 month for the first 10 years and ½ month for the years after) to make dismissal cheaper for employers. For older people (50+) another formula is proposed. In addition a ceiling is set for severance pay of 75,000 EUR or a one-year salary when the salary exceeds the maximum and this sum is transformed into a transition budget to guide and train dismissed people to acquire a new job. The EPL protection of temporary workers will change as well. The regulation of fixed-term contract will be adjusted, changing the 3*3*3 rule (a maximum of 3 consecutive temporary contracts for a maximum of 3 years with 3 months period in between two chains) into a 2*2*6 rule (maximum of 2 consecutive contracts for the duration of 2 years and an interval of 6 months between two chains). Also flex workers and temporary agency workers are entitled to a transition allowance if they have been working with the same employer for at least two years.

The formula change is aimed at strengthening the position of employees with temporary contracts because employers are induced to transform a temporary contract into a permanent one already after 2 years instead of 3 years. Whether employers indeed will react by more quickly transforming temporary contracts into regular ones remains to be seen. The outcome might also be that employers will apply a so-called 'revolving door' strategy to replace the temporary worker with another temporary worker within the two years period. The requirement for employers to pay a transition allowance to

temporary workers with tenure of 2 years or longer will also not act as an incentive to extend the length of the contract. The consequence then might be that the average stay in temporary contracts is reduced and the employment security for temp workers is reduced instead of increased. The current evidence on how employers react to the new law seems to confirm this expectation. Because half of the youngsters are employed in temporary contracts this means that the employment security of youngsters might in the end be reduced instead of increased. The Social Accord also concluded an agreement about the creation of 125,000 jobs for the inflow of early handicapped people on the labour market who before were entitled to a WAJONG benefit paid by Unemployment office but now need to rely on a participation allowance from the municipality. Within the public debate there is doubt whether the employment target will be met because employers seem very careful in hiring people with or without a handicap also because when employees become sick the employer needs to continue payment of the salary for another two years (or until the employment contract ended) making it very costly (see also CPB, 2015). The aim of the reform however is to create financial incentives to employers to create regular jobs for people with a handicap. The wages of these handicapped workers are set at the minimum wage level while a lower productivity is compensated by a wage subsidy up to the level of the minimum wage.

Social partners and the wage bargain

At national level the social partners play a substantial role in youth policies, notably the employers' and employees' organizations, because they are engaged in concluding collective agreements or wage bargaining at sector level. At national level social partners take part in tripartite negotiations with employers, employees and government on the design and implementation of social covenants or accords in which agreement is sought on particular important topics in the domain of socio-economic policy such as annual wage increments, pension rights, employment protection, disability, sheltered employment, youth unemployment, working times and minimum wages. They also play a role at regional and local level although their gravity point is at sector and national level, at least in the Dutch context. The Dutch Unions see for themselves a wider role than representation of the employees' interests in the wage bargain only by providing various sorts of services to their members including training and education opportunities, but also support in financial matters. The social partners had a very central role in the concluding of the 2013 Social Accord as we explained earlier. The Accord was concluded against the tide so to say because the Unions disagreed strongly about the proposed pension reform of the Dutch Government in 2012.

The Social Accord is still at the early stages and is not yet fully converted into legislation. Part of the Social Accord concerns the decentralisation of the execution of the benefits for the early handicapped and the (youth) care services and its implementation at regional and local level as of the first of January 2015. The implementation of these services is handed over to 35 so-called regional employment firms (in Dutch: 'regionale werkbedrijven') in each of the 35 labour market regions set up earlier to coordinate labour market reinsertion efforts at regional level (see section 2).

1.2 Barriers and opportunities to policy change from the macro-level perspective

From this account of the macro-level socio-economic policy making already a few barriers to policy change and policy innovation can be assessed.

First, the level at which general youth policies are governed is dominantly at national level suggesting a large distance to the practices at local level. The reforms of the Dutch government are aimed at a decentralisation of the implementation of social policy to the local level whereas the policy design remains at national level to avoid large inequalities across the local communities. This might however endanger the effectiveness of policies because they do not sufficiently address the specific challenges at regional and local level.

A second barrier is the lack of collaboration, integration and interaction between the various policy domains. Each domain has its own authority in policymaking and implementation because of which an integrated approach is not easily attained even when such integration is needed and/or wanted.

A third barrier deals with the lack of evaluation research or impact assessment of a single policy and of the combination of policies because of which the way the policy will contribute to the solution of the issue remains unclear. The Parliament nor the Government seem very much in favour of the idea of 'impact assessment' as is common in the EU policy formation process because it slows down the political process while in the end political decisions still need to be made whatever the outcomes are of such assessment. The verdict on the effectiveness of policies is left to plausibility reasoning, wishful or political reasoning or contextual evidence derived from monitoring progress and outcomes. In addition, the lack of tradition in the Dutch context of concrete target setting with respect to each separate policy domain or in their combination mean that the success or failure of policies cannot be assessed.

The pact making in the Dutch case also shows the opportunities to policy change in the Netherlands given the tradition of concluding social covenants or accords at national level. The pact-making mirrors the Dutch Polder model in which networks of social actors communicate, consult and negotiate compromises leading to defining reform agendas' which are more or less shared by all stakeholders. The prospects of concluding Social Accords are of course better in 'good' times than in 'bad' times such as during an economic crisis because of which some of the planned reforms were postponed or have a rather long application period before they will come fully into effect.

2. Policy learning and transfer at regional and local level

2.1 Institutional arrangements at regional level

Public employment services (PES)

The implementation of youth policies is decentralised to a large degree to 35 labour market regions and 400 municipalities. Moreover, there are two main organisations that deal with the unemployed including youngsters. The first is the Dutch PES (Implementation office of the unemployment insurances or UWV), which provides unemployment insurance benefits (UIB or WW, the Unemployment Act) and disability benefits (WIA) as well as employment support (UWV Werkbedrijf or UWV Employment firm). Before, January 1, 2015 the UWV was also responsible for the execution of the youth disability scheme (WAJONG). New entrants into the scheme now fall under the Participation Act while those who were already in the scheme before January 2015, stay under the jurisdiction of the UWV. The level and duration of the unemployment insurance benefit (UIB) depends on the beneficiary's employment history, providing entitlement to one month of benefits for every year of tenure with a maximum duration of 38 months (Bekker and Lanting, 2011). Yet, in 2016 the maximum duration of the UIB will be lowered gradually to 24 months and also the calculation method for acquiring UIB entitlement will change. The UWV is responsible for the mediation and re-employment of the longer-term unemployed through the use of public employment services (PES). The share of young unemployed people with the Dutch PES (UWV) is rather low due to the large share of youngsters not meeting the access criteria related to the required employment history either because of being a school-leaver or because of having a short and/or interrupted work history associated with spells of unemployment and employment in temporary jobs.

Welfare arrangements

The second major institution is the municipality providing social assistance and reemployment support to unemployed youngsters and handicapped people who fall under the new Participation Act that has been enacted as of January the 1st, 2015 (Participation Act). The level of the social minimum income depends on the age and the household composition of the beneficiary. For 18, 19 and 20 years old the minimum assistance is lower than for 21 years old who get the adult minimum income. In addition beneficiaries can claim additional income allowances for coverage of specific expenditures (replacement of durables, medical costs etc.) that they cannot pay from their minimum income. For all youngsters below the age of 27 there is a waiting period of one month before benefits can be claimed during which people need to search for a job themselves. This four weeks waiting period for entitlement to social assistance for youngsters below 27 years of age create rather strong barriers to youngsters' labour market integration because the youngster who do not return after these four weeks are not any more visible by the social policy institutions and will therefore get any employment support (see also Chung et al, 2012; Wilthagen et al, 2015, Bekker & Klosse, 2015).

For those getting benefits and seeking work such as the long-term unemployed for whom the benefit period of entitlement to unemployment insurance expired, but also the school-leavers and the older unemployed, the municipalities have the responsibility to guide and mediate them back into the labour

market. This can be pursued by offering various kinds of mediation trajectories running from offering language, application or education courses to upgrading skills, intensive mediation, wage subsidies or social insurance premium reductions to induce employers to create regular or sheltered jobs and to offer employment opportunities in sheltered firms. As of January 1, 2015 the municipalities became also responsible for the implementation of the wage-subsidy scheme for the employer to warrant employment of vulnerable groups on the labour market including the young disabled people in private -and public-sector jobs while also offering guidance and other forms of mediation for re-insertion into the labour market (cf. section 4).

The education system

The Dutch education system is a mixed system of general education at primary (5-12 years), secondary (HAVO/VWO 12-18 years) and tertiary level (University, 19-22 years) and vocational education and training at secondary (MBO, 12-16 years) and tertiary level (HBO, 17-20 years). The vocational training system in the Netherlands at the secondary vocational level (MBO) takes up to four years, depending on the level of training. Those who complete their training can start to work or continue to a higher form of education (tertiary education). More than 600 vocational education programmes courses are currently provided. Secondary vocational training is given at four different levels, each leading to a specific job qualification. For each MBO course two main learning routes exist: school-based routes (BOL, trainee routes) and work-based routes (BBL, apprenticeship routes). In the trainee routes students primarily learn in school and participate for one or two days a week in different workplaces as part of the vocational training. In the apprenticeship routes students are employed in professional organizations for more than 60% of their time (3 days a week or more) and get 2 days education in secondary education.

The least successful school-to-work transitions confront either those youngsters who are not able to acquire a so-called 'starter' qualification, that is secondary education at level 2, or youngsters in the school-based BOL route. There is a tendency that employers increase the minimum required qualification level from 2 to 3 or 4 creating stronger barriers to low-skilled youngsters to acquire a regular job. It may not come as a surprise then that the unemployment rates of school-leavers 18 months after leaving school during the period 2007-2012 are much higher for students at level 1 and 2 than for students at levels 3 and 4 and much higher for BOL students than for BBL students notably at the lower levels (Bekker et al. 2015).

Tertiary education

Regarding tertiary education two categories of universities exists: academic universities (WO) and higher vocational education (HBO) that operates as universities of applied sciences. Since the early 2000s both types of higher education share a bachelor-master structure with approximately the same length (4 years). Although every HBO also transfers theoretical knowledge to its students, it is more practically oriented than the academically oriented university programmes. Whereas the majority of Dutch university programmes do not offer internships or only for a small fraction of students, HBO-students are generally obliged to conduct internships lasting for at least 6 months, making the

latter linked closer to the labour market (Eurydice, 2005b).² Generally, there is little coordination between the higher vocational training and the university programmes.

The unemployment rate of full-time HBO students, 18 months after they have left secondary school and who completed school in the period 2007-2012 show an increase during these years by more than 60% from 6 to 9.7%, but still being lower than the average youth unemployment rate of 15% in 2012.

The share of full-time students starting in a temporary job after school increased during the crisis from 46% to 64%. The very slow recovery of the Dutch economy in the aftermath of the crisis means that the unemployment rates of these youngsters go down but at a low pace. There is a strong concern about the return to investments in tertiary education, HBO as well as University, because of the high dropout rate in the first year of the education period and the low yield after four years. The dropout rate in HBO is about 30 to 40% either for students coming from secondary vocational or from general training.

At secondary and higher vocational level the main youth policy issue is the shortage of traineeships, internships and apprenticeships offered by employers for the large number of students. When admittance to these types of education is dependent on a traineeship the shortage in supply means that youngsters are refused for subscription by the school and that they in the end lack education opportunities and might become NEET youngsters (not in employment, education or training). This 'bad start' might have 'scarring' effects on youngster's career perspectives.

2.2 Policy changes: barriers or opportunities for learning and transfer

2.2.1 Policy changes during the crisis

During the crisis period the most important policy changes with regard to youth social policies at the regional level concern six major reforms:

1. First of all, the decentralisation of the implementation of employment and (youth) care services to the local communities. This concerns three so-called major transitions for the local communities which came into force as of January 1 2015.: 1. The local communities get the responsibility for the integration of young handicapped persons into the labour market in the framework of the *Participation Act*, 2. The local communities get the responsibility for the delivery of the lighter forms of care to the handicapped people, the people dependent on home care and the elderly in the framework of the Act on Societal Support (WMO) and 3. They get the responsibility for the lighter forms of youth care.

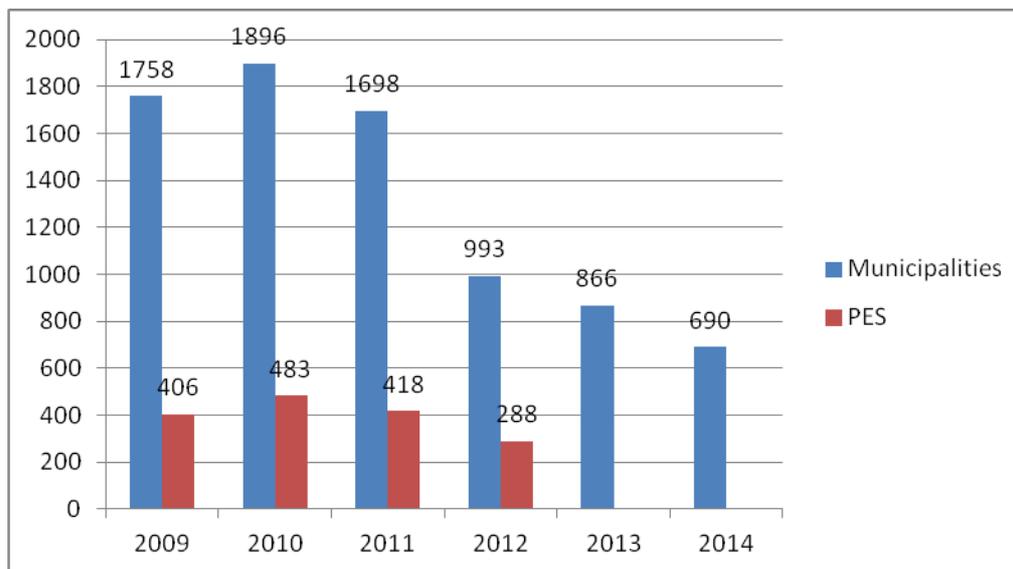
² See also http://www.mzes.uni-mannheim.de/publications/misc/isced_97/luij08_the_educational_system_of_the_netherlands.pdf)

2. Second, the so-called Sector Plans (2013-2015) that provide subsidies to innovative practices oriented at improving the intra-sector work-to-work mobility of redundant workers. These plans need to be submitted jointly by the social partners. The policy to initiate these sector plans was launched in 2013 following the concluding of the Social Accord in 2013. The social partners are responsible for the design of these sector plans which require co-financing of both, the social partners and the government, each for half of the exploitation budget (the total government subsidy amounts to 600 million euro for the period 2014-2015).
3. A third reform concerning regional education policies deals with the integration of the 17 *Knowledge Centres* into the national institution responsible for the match between professional education and the business sector SBB.
4. Fourth, the programs set up by the Minister of Education to reduce *early school leaving* which appear rather successful while reducing the dropout rate from 15% in 2001 to 8.6% in 2014. The policies to prevent early school leaving contain financial incentives to improve the collaboration between the education and labour market institutions in the 35 labour market regions.
5. Action Plans during the crisis years 2010-2015 to combat youth unemployment. These action plans launched by the national government provided subsidies to the regions to launch innovative projects for the combat of youth unemployment. Most of these projects were aimed at extending the school period or to provide traineeships and internships to allow youngsters to improve their skills and their chances on the labour market when the economy would recover after the crisis. The viewpoint of the government with respect to youth unemployment was that youth unemployment is primarily a demand problem, implying that when demand recovers, young people will be the first to be employed.
6. Currently, the largest local scheme to help young people bridging the gap between unemployment or welfare and the first job is the “Youth Starter’s Grant”. About 150 of the 400 Dutch municipalities are actively engaged. School-leavers who are unable to find a job are stimulated and facilitated with finding a traineeship at a company or institution that matches both their level and type of education. Young people are expected to actively approach a company or institution themselves, so as to improve their work experience in a workplace that fits their needs and interests. Alternatively the employer can post a Starter’s Grant vacancy on the special website (www.startersbeurs.nl). The employer pays at least 100 euro per month to the young person and the municipality pays in addition 400 euro (using ESF funding), creating a total grant of 500 euro per month. The grant is given for a maximum period of 6 months and cannot be prolonged (Wilthagen et al, 2014).

Ad 1. Decentralisation of the employment and care services: the three transitions

The decentralised organisation of income and employment support is taken one step further with the introduction of the Participation Act on January 1st, 2015 and the granted extended responsibilities for the delivery of care services including youth care to the local communities. The decentralisation may give more room for policy learning and transfer because the local communities and the 35 labour market regions while getting more responsibility for the delivery of the local employment and care services will need to cooperate more closely to be able to attain the strong targets for integration of the handicapped youngsters into regular jobs in the private and public sector and the successful delivery of care services to the users, among which youngsters, handicapped people and elderly. The Association of Dutch Municipalities (VNG) and the Association of municipality managers of social affairs (Divosa) actively engage in exchanging knowledge and best practices among their members. For instance VNG has a programme to support municipalities in setting up social worker teams, sharing knowledge, and developing and strengthening regional platforms for learning. This need will also be felt because these transitions went along with strong retrenchment policies on e.g. income and employment support (see figure 2). Statistics Netherlands (2013) concludes that the employment support or reintegration budgets for municipalities have been reduced by nearly 50%.

Figure 2. Evolution of the employment support budgets of municipalities and the Dutch PES in millions of Euros, 2009-2014



Source: [The Netherlands Court of Auditors](#) and Divosa (2014). See also Bekker and Wilthagen, 2015 forthcoming

The budgets stem from the national government that transfers money to the municipality level. Municipalities may decide rather independently how to spend this money, and through its case managers to decide who gets employment support and how the money is spent either on e.g. education and training support, individual counselling or a mediation trajectory. The average participation budget per client decreased from 5 266 EUR per person in 2009 to 1 973 EUR per person in 2013, yet these figures might differ considerably by municipality (Divosa, 2014). The lower

budgets per individual not only stem from consolidation efforts by the national government, but also from the growing number of people receiving welfare benefits (Statistics Netherlands, 2013).

Nonetheless, these reforms on the reinsertion of early handicapped persons might improve policy learning and transfer of best practices since it stimulates cooperation between the local communities, the UWV (unemployment insurance) and the social partners within the 35 labour market regions. In each of these regions the four parties are responsible for setting up an employment firm that concludes employment agreements (in Dutch 'baanafspraken') between the social partners at regional level for creating job openings for the new inflow of handicapped people.

Ad 2. Sector Plans

The sector plans may affect the position of youth on the labour market when they are targeted, entirely or partly, to youth. Viewing the 72 sector plans that have been approved so far, these entail work-to-work intra-sector transitions for redundant workers paralleled with training and education. As such, the plans involve a wide range of workers, but a first evaluation shows that only 9% are targeted to youngsters while little attention is paid to youth transitions within employment (SEO/ECBO, 2014). Still, the government invites the social partners to pay attention to the inflow of youth into the labour market in their sector plans.

These sector plans may build forth on the Technology Pact ('*Techniek Pact*' to induce youngsters to choose for a career in the technology sector) that has been concluded in 2014 at national level by the government, the social partners and the education sector. The concluding of this Pact in 2014 has been followed by agreements between these stakeholders at regional level. These pacts being typical for the Dutch polder, constitute a way to build consensus on major reforms and innovative practices to tackle a major societal problem such as the rise of youth unemployment during the crisis. Joining forces by way of concluding social pacts create room for innovative practices that are salient for employers and employees to improve the labour market chances of youngsters. Part of it was to facilitate internships or traineeships and dual learning trajectories. In this way the Technology Pact also prevents or reduces future labour shortages in the field of technology and ICT. The sector plans got quite some criticism with respect to their focus on improving work-to-work mobility instead of creating more job openings; for the level of bureaucracy involved and for being oriented at sector level and therefore not being a good instrument for improving inter-sector mobility. At the same time they create more room for collaboration between the social partners at national and sector level and therewith opportunities for policy learning and transfer.

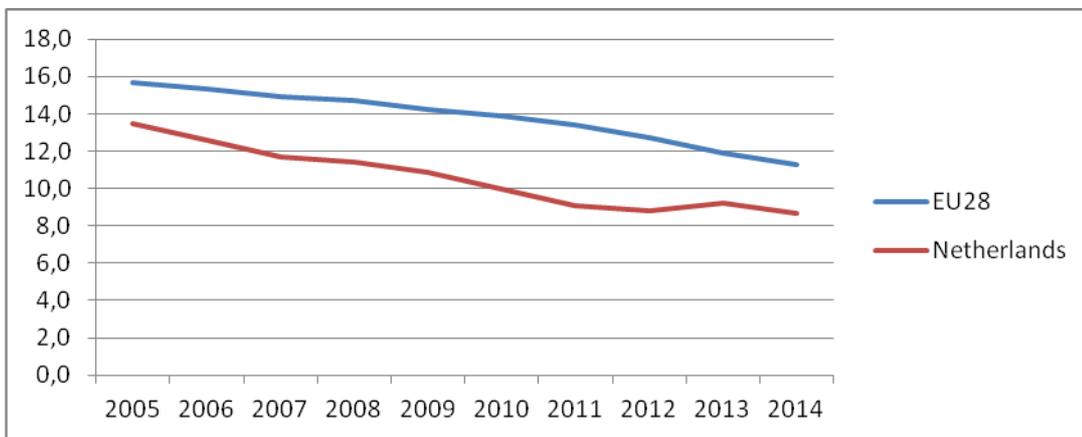
Ad 3. Knowledge Centres

To improve the school-to-work transition there are 17 Centres of Knowledge (in Dutch: "Kenniscentra") created at sector level that closely collaborate. Apart from these Centres, the Institute "Collaboration Professional Education and Business" (SBB) coordinates the work of these Knowledge Centres and fulfils a similar task for improving the education-profession match but at national level. As of January 2015 the Knowledge Centres, which acted before as independent institutions, became part of the SBB. These 17 Centres operate at sector level and the bringing of them together under one roof might facilitate collaboration and therewith policy learning and transfer between the various sectors. On the other hand the reform because of being accompanied with a reduction in the overall budget might also mean that there is less room for operating at regional level.

Ad 4. Early school leaving

The Dutch figures on early school leaving show a strong reduction in the dropout rate, going down from 15% in 2001 to 8.6% in 2014 (see Figure 3). The decline in the Dutch case resembles the decline in all EU countries while being a little stronger up to 2012. After 2012 the Dutch figures come closer to the EU average. The decline for the EU might be the effect of the crisis in which pupils tend to extend their stay in school and to finish it with a diploma because of the lack of job opportunities.

Figure 3: The evolution of the share of early leavers from education and training in the Netherlands and EU 28, 2005-2014 (in %)



Source: Eurostat [edat_lfse_14]

Ad 5. Regional action plans on youth unemployment 2009-2015

Since youth unemployment is considered very much a business cycle issue that will resolve quickly after the recovery has set through, the government's concern is primarily for the situation of young people leaving school early without a diploma and thus without a proper perspective on a job or a career (Ministry of Social Affairs and Employment, 2014). Nevertheless, action plans were initiated during the crisis period to combat youth unemployment, the first one covering the years 2009-2011. After that two more were launched covering the years 2011-2013 and 2013-2015. Municipalities and regional social actors were invited to engage in collaborative efforts to further improving the transition of youth into education or work. The action plans were aimed at funding innovative projects to combat youth unemployment. Many regions applied for funding and launched ideas for innovative projects. Of the 80 million euro for the last action plan, more than 60% is paid through the European Social Fund (ESF). It aims at preventing school dropout, extending school residence and stimulating school-to-work transitions. The plan runs to 2015, and in February 2015 new ESF funds have been announced to prolong existing projects.

Part of the latest action plan was also that employers can get a reduction in the payment of social premiums amounting to 3500 euro per year when they hire an unemployed young job seeker for at least 32 hours per week during a least half a year. This arrangement will be adjusted in 2015 to include a 24 hours working week. Further to this the government tried to support start-ups of

unemployed and inactive people by providing financial incentives such as by way of temporary abolishing the obligation to apply for a job (see: Bekker & van den Eijnden, 2014).

Extending school period and promoting traineeships and internships

These action plans launched during the crisis were mainly aimed at keeping youngsters longer in school by stimulating longer learning trajectories. Basically, this policy entails persuading students in vocational training to remain in education for longer and to proceed into higher professional education. Another focus was to let youngsters acquire work experience by stimulating the creation of internships and apprenticeships, including creating job-sharing opportunities between older and younger workers in which older workers act as coach and supervisor of youngsters. This is presented as an innovative way of intergenerational transfer of knowledge and craftsmanship. Previously mentioned Sector Plans (2013-2015) build on these ideas and may offer room for regions to facilitate the creation of internships and apprenticeship places (such as the Youth Starter's Grant, see below) in firms.

Ad 6. Youth Starter's Grant

A clear policy innovation (because of its success) that is explained earlier is the "Youth Starter's Grant" scheme for young job seekers. There is not much evidence yet but explorative research shows that 52 percent of the job seekers have found a job one month after completion of the work experience period (excluding those who have returned to the side-job they already had as a student) (Lievens et al., 2014). Of those who have found a job, 37% has found this job in the company they worked in during the work experience grant period. Almost 60% perceives that the job matches their type of education or professional training well, while 77% perceives that the job matches their level of education. From informal sources we know that the government is currently studying on how to give this work experience grant scheme a more structural place (meaning codifying it also at national level).

2.2.2 Policy changes and barriers and opportunities to policy learning

The austerity measures during the crisis reduced the budgets strongly for employment support or reintegration programmes at the local and regional level as we showed earlier. One of the measures taken was the introduction of a four weeks waiting period for entitlement to social assistance and employment support (reintegration) for people below the age of 27 years. Based on explorative research in seven municipalities it was shown that 30% to 48% of youth does not return after the 4 weeks waiting period (Ministry Social Affairs and Employment, 2013). First estimations from the four largest Dutch municipalities show that these percentages might even be higher for youngsters.³ Municipalities appear to have little information about the activities of the non-returners, as there is no

³ Ministry Social Affairs and Employment, Letter to the Second Chamber of Parliament, on

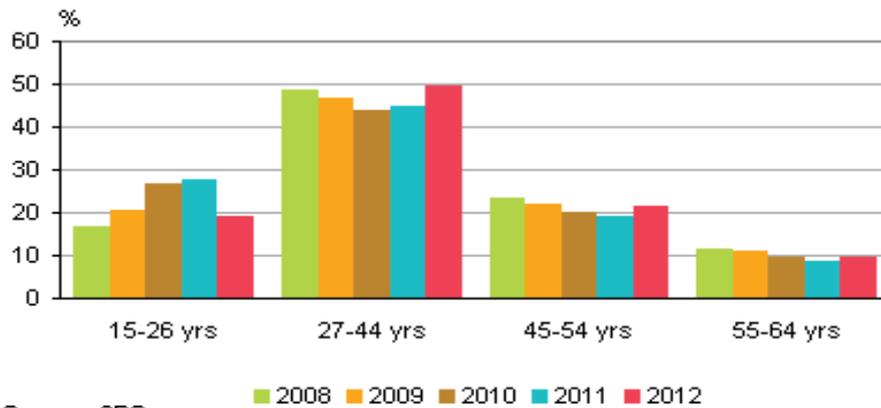
Twee toezeggingen m.b.t. vier-weken-zoektermijn, number 2013-0000070446, Date: 24 June 2013.

check-up at regular time-intervals (observation based on 6 municipalities) (see also Wilthagen et al., 2015). The municipalities that were part of the research by the Ministry reported the following problems with the policy measure: a) vulnerable youngsters need immediate support rather than waiting for four weeks, b) the return to education is not always an option due to the prescribed dates of subscription at schools combined with schools sometimes refusing subscription. These observations mean that especially for the most vulnerable groups among the unemployed youth the waiting period may form an obstacle to get sufficient support to return to the labour market. Some municipalities therefore try to find ways to give tailored approaches regardless of the waiting period. This is done at an ad hoc basis and is thus dependent on the treatment practices and policies of that particular municipality (Wilthagen et al., 2015). To give one example: the municipality of Tilburg has launched an active 'outreaching' strategy to visit these non-returning youngsters at home to find out what happened to them and to seek for additional support to get them back into education or into work. Of the Tilburg youngsters who applied for a social assistance benefit 46% did not return but a careful check showed that more than half of them (53%) did also not return to education or work (Municipality of Tilburg, 2013). These youngsters were not able to find work or getting access to education themselves. They therefore became part of the NEET youngsters without a benefit but also not having access to employment or education. Of the 150 Tilburg youngsters the local community was able to trace back, more than half of them (81 youngsters) were successfully mediated into a job or into education. This shows that the national retrenchment policy has created barriers to successful integration in society but that innovating social policies at local level (outreaching activities in the Tilburg case) were able to counteract the consequences of the national measure. Other municipalities did render 'passive' support with job search activities during the four weeks waiting period.

In a report of the Dutch Government on the Youth Guarantee it is argued that the one-third reduction in the number of beneficiaries since its inception is likely to be due to young people being successful in finding a job or in education or training programs (Dutch government, 2014). The Tilburg case shows that this holds for only a minority of these youngsters. Also the Labour Inspectorates conclude that municipalities generally do not have knowledge about the whereabouts of young people that do not return after the four weeks waiting period ([Labour Inspectorates, 2012](#); compare with [Ministry of Social Affairs and Employment, 2013](#)).

The information on the use of employment or reintegration support offered by municipalities show a decreasing share of youngsters (Statistics Netherlands, 2013). Figure 4 shows that in 2012, young people below the age of 27 years accounted for 19 percent of the 121 thousand of people influx, whereas this was 27 percent in 2010 and 2011. Statistics Netherlands (2013) explains this decrease as a result of the new legislation on the waiting period. Even though youngsters represent a small share of the employment support population, they have the highest return rate in employment after being entitled to employment support (Statistics Netherlands, 2013). About 43 percent of the youngsters found employment after having got employment support in 2012.

Figure 4: Inflow into employment support by age



Apart from the barriers to resolve youth unemployment the retrenchment policies may have caused, the six policy reforms we discussed earlier, notably the decentralisation of the employment, welfare support and care services, might also render opportunities for policy innovation through facilitating collaboration at regional level (Berenschot, 2015). The reform of governance at regional level, that is to give more room to the 35 labour market regions for to improve the combat against early school leaving and for improving the opportunities for handicapped people to acquire a regular job, may also turn out to be salient for collaboration between the stakeholders at regional level and therewith for policy learning and transfer of knowledge on 'best practices'. Generally, the shift into more regional governance might also provide a new basis for the closer tuning of policies in the various domains (employment, welfare) and therefore for innovative approaches in the social domain (social innovation). That also means that more integrated approaches covering besides work also other domains such as health and housing might become more prominent in the local context.

2.3 Policy learning and transfer

Regional labour market and welfare policies

Regional (the provinces) and local authorities have some discretionary power and operate with a certain degree of autonomy, but they are expected to cooperate to reduce unequal treatment across regions and municipalities. For that reason there is a close cooperation and tuning of policies within the various labour market regions. The aldermen of each municipality but also the local policy makers have policy consultation meetings at regular occasions to discuss action plans e.g. on youth unemployment or on other types of policy interventions. The Dutch policy formation process at regional and local level is very much framed in terms of strategies to address employment and/or welfare issues of particular target groups. The framing of policies and the selection of target groups to which policies are addressed comes from national policy makers but the substance and details of implementation are left to the discretionary power of local communities. The biggest city in each of the labour market regions is leading in this policy formation process and determines in most instances the agenda setting. The municipalities seek also collaboration with municipalities in other regions or in

other countries sometime funded by European funds such as the ESF, Cost Actions or Horizon 2020 collaborative research projects. Municipalities more and more so take part in ESF (European Social Fund) collaborative projects in which they work together to implement 'best practices' or innovative intervention strategies. It is clear from the onset that these forms of consultation, collaboration and tuning of policy strategies in local networks of policy makers constitute important triggers for policy learning and transfer even though the evidence is not easy to unravel.

Labour market policy: intensified collaboration within the 35 labour market regions

There is also increased cooperation between the unemployment offices and municipalities within the framework of the newly created 35 labour market regions responsible for labour market policy (Bekker and Wilthagen, 2015). The establishment of these regions reflects the quite decentralised nature of income and employment support as well as governance through cooperation between regional and local level actors. The two authorities may shape this cooperation according to their own ideas and needs, for instance tailoring the assistance according to the economic structure of the region. The labour market regions and cooperation of institutes is based on the Act SUWI (Structure Service Providers Work and Income; *Structuur Uitvoeringsorganisatie Werk en Inkomen*), and this Act mainly aims at creating one desk for providing information and support to workers and employers. There is also a regional registration system for monitoring job vacancies and job seekers. Moreover, each region creates its own labour market agenda in which more room is reserved for concluding agreements for cooperation and mutual learning e.g. by way of sharing evidence based policies and 'best practices' (Bekker and Wilthagen, 2015 forthcoming).

Welfare policy: from target group oriented policies to integrated policies

Disadvantaged groups often experience multiple barriers because of which policies need to tackle these jointly. Integrated policies encompass a wider range of policy domains than work only, including housing, social issues, income and health, notably at the decentralised level of governance (KWI, 2013). It allows a broader definition or even the abolishment of defining target groups. There is a trend in current Dutch social policy to depart from the focus on target group setting (KWI, 2013) and to shift to more general policies covering e.g. the unemployed as a whole. Specific target group setting requires a lot of bureaucracy with a view to monitoring and control (see e.g. Dutch government, 2009: 14). Such a shift would mark a break with the past and would be a way to innovate existing policies notably with respect to defining more flexible and integrated policies. At the same time it might stimulate cooperation between the parties at regional level and therewith also creating a firm basis for policy learning and possibly policy transfer. To tackle youth unemployment, the government advocates a comprehensive approach in which the involvement of a wide range of actors is foreseen, including the social partners (at national, regional and sector level), young people themselves, public authorities and educational institutes. This approach very much relies on the joint responsibility of relevant stakeholders to develop the youth unemployment dossier and to take sufficient measures. This will stimulate collaboration between the stakeholders and will constitute a better basis for policy learning and policy transfer in the near future (Ministry of Social Affairs and Employment, 2014).

Education policy reforms and policy learning

Because each type of education in the Netherlands has its own governance and administrative systems, with its own rules and regulations, a ramified system of learning pathways exists. In each type of education, as well as in the education sector as a whole, there is growing concern on the

accessibility, quality and cost efficiency of the system. Especially during the crisis significant budget cuts have put the issue of the accessibility to education more to the background, whereas the need to realise efficiency gains got a more prominent place on the agenda.

There is a common and growing concern on the perceived mismatch between the skills acquired through the education system and the skills demanded by the labour market. Many youngsters notably at lower secondary vocational training (MBO) level are not able to complete education at MBO level 2 that is considered a minimum or start qualification. The commonly felt need to do something about this mismatch has led to proposals for policy reforms. One of these is the reform of the national qualification infrastructure, as explained above, entailing the reduction of the number of education programmes and the creation of a clearly defined set of labour market-oriented career profiles. In 2016-2017, first the pre-vocational secondary education (VMBO) will be adjusted; the existing four main trajectories are preserved but ten new profiles are introduced, reducing overlap between the current profiles and providing students with a wider range of choices. This restructuring will also facilitate schools in catering more to the needs of regional labour markets by developing tailor-made courses. A particular role in this respect fulfils the 17 Knowledge Centres who as of January 1 2015 became integrated in the SBB, the national institute for collaboration between the education sector and business. During the last couple of years these Centres were rather successful in improving the collaboration between education and business at sector level and in that way provide a firm basis for policy learning between all stakeholders at sector level. The joining together under one roof, the national SBB institute, might also be salient for policy learning and transfer across the various business sectors. To date, there is no evidence whatsoever whether this expectation might come true.

2.4 Innovative regional practices in Tilburg and Amsterdam

The decentralisation of the implementation of the labour market, welfare and care services to the local communities might also create more room for innovation at the regional level. Already during the crisis the budget cuts in the domain of employment and care support (reinsertion/reintegration) required new ways of tackling the rise in youth unemployment. The subsidies for the implementation of the various Action Plans on Youth Unemployment since 2009 compensated only partly for the budget cuts local communities faced during the crisis but gave communities some tools to innovate their practices. Much of these innovations were aimed at building bridges between unemployment and employment by extending the opportunities for extending the school period or returning to school or by creating dual tracks of learning and training and building up of work experience. In various regions in the framework of the so-called sector plans, transfer and mobility centres were created to improve the mobility from work-to-work within a particular business sector. Fairly successful attempts to improve the job-to-job mobility are to be found in the region Haaglanden (around The Hague), the Ace project in West-Brabant and the Gelderland Labour Market Model (GAM) in the region Gelderland (Nijmegen, Arnhem, Amersfoort). Many of the innovative projects at regional level are however subsidy and project-based meaning that after a relatively short period the project halts without any security that the project will be eligible for a new round of funding. Even though the youngsters participating in these projects might have improved their skills, the lack of employment opportunities during the recent crisis partly caused by rather low job-to-job mobility rates made their chances to regain employment extremely low. Only very few of these innovative examples therefore

seemed to have been able to build up an innovative and sustainable approach. Two examples are the Youth Unemployment Free Zone initiative in the region Tilburg and the local education agenda set up in the region Amsterdam. Below, we will provide some more detail.

A Youth Unemployment Free Zone in Mid-Brabant (region around Tilburg)

In 2013 the initiative was launched in the region Mid-Brabant (with Tilburg as the centre community) to set up a new approach that is not project-based but partnership-based in the form of a so-called 'triple helix' collaborative and sustainable approach. The idea was to commit the relevant stakeholders at regional level, such as the education sector, the government and the business sector to resolve the problem of youth unemployment in a sustainable way by aiming to attain a youth unemployment free zone. The idea very much resembles the European initiative of a Youth Guarantee. The realization of a Youth Unemployment Free Zone should be attained in a period of 4 years from 2014 on to the end of 2017.

Every youngster between 16 and 27 years of age should within 4 months after school leaving get a work offer, or an apprenticeship, traineeship or internship so as to be able to build up the appropriate skills and work experience and by doing so to improve their employability and to make a proper career. The goal is similar to the goal defined in the framework of the so-called European Youth Guarantee that is agreed on in the European Council in 2013. The 'Triple Helix' approach should warrant that the stakeholders are committed to this ambitious goal and will give their support to it that should be attained within a period of 4 years. In March 2014 the regional stakeholders signed - in attendance of the Dutch Queen Maxima - the Pact of Brabant in which they committed themselves to do and support what is needed to create a region in which every youngster is provided an opportunity to build up the skills needed to fulfil a job and/or to integrate in work and to build up a career. For that purpose a coalition agreement was signed between the political parties in the city of Tilburg represented in the coalition in the end of 2014 to put the Youth Unemployment (JWL) Free Zone high on the political agenda and to reserve budgets for its implementation.

The University of Tilburg has been asked to research and to guide the experiment. Because of its innovative character and its focus on youth unemployment the endeavour fitted perfectly to the ideas of the STYLE project. For that reason we decided to study the endeavour also from the perspective of policy learning and transfer as being the main focus in WP4 of the STYLE project. Part of the research concerns the holding of interviews with 25 stakeholders (8 business people, 9 Alderman and policy officers of the nine local communities in the region Mid-Brabant, 2 interviews with representatives of the public employment service, 1 interview with representatives of the national institute for collaboration between education and business SBB, 4 representatives of the main school types at secondary and tertiary vocational level and the university and 2 representatives of the welfare, safety and care sector) and 5 focus groups with national and local representatives from the education sector, the business sector, the government, the welfare, safety and care sector and the youngsters themselves.

The broader research aim is also to build up a new regional statistic for the monitoring of youngsters within the education system and the labour market. It should enable to monitor 'good' and 'bad' transitions in education and the labour market. Youngsters are then followed when they move to another type of education, move to and between different kinds of work activities or when they become 'invisible' because of not being in education, training or employment (NEET). Such a monitoring device requires the linkage of individual administrative records being administered by the

schools, the public employment office and the local community. Such a linkage is technically feasible in the Dutch situation but because of privacy regulations and restrictions difficult to realize. The research report will form input for an implementation programme to be executed over the 3-year period and managed by a special steering group in which the main stakeholders are represented and the researchers.

Policy learning and transfer

The project is unique in the Dutch context and appears to be an innovative approach to realise the Youth Guarantee, to which the Dutch policy makers has committed themselves to. It goes beyond the scope of Task 1 of WP3 of STYLE to discuss the pros and cons of this innovative approach but it will be part of task 2 of the WP4 project. It seems beyond doubt that the collaborative 'Triple Helix' approach in which all regional stakeholders are committed might be a very useful tool to improve policy learning and policy transfer between local communities within a region but also between regions which deserve more scrutiny with a view to policy learning and transfer.

The local education agenda in Amsterdam

Amsterdam serves as a contrasting case in the STYLE-project. Where Tilburg will be used to discuss the policy innovations on the youth guarantee, the Amsterdam case serves as an illustration of the policy innovations on the education part of the school to work transition, notably we will look into the role of the apprenticeship institutions. The Amsterdam area is larger and the labour market issues involved are perhaps more profound than those in Tilburg. Here various issues come together: a changing social-economic structure with a decline of industrial production (associated with a pressure on the number of apprentice-positions) and a rise of flexible service-related jobs (associated with a demand for higher skills), in combination with ethnic and social-cultural issues resulting in elevated unemployment figures for second generation ethnic migrants. The issue of the lack of apprenticeships is one of the major issues in the Dutch debate on the school-to-work transitions which should be conceived in relation to the slow recovery of the labour market paralleled with the on-going flexibilisation of the labour market for which reason the number of job openings on the labour market for the new cohorts of youngsters is limited.

Because of the bigger size, the numbers of youngsters in NEET are much larger and therefore the challenge to tackle the issue, although the local administration has more resources to define proactive policies. The newly appointed coalition has drafted a straightforward plan to redefine school to work transitions in the light of the economic crisis and the expected labour market needs in the years to come. For VET ten ambitions have been defined, which all relate to an improvement of the quality of vocational education in the light of the future labour market and the changing skill demands in terms of 21 century skills (creativity, communication, learning). The issue to be evaluated is to what extent such an innovative approach matches with or is in contrast with the opportunities for economic policy and the policy to fight youth unemployment which policies have been relatively toothless until now.

These two practices in very different regions in the Netherlands will be discussed in more detail with respect to policy learning and transfer in the report on Task 2 of WP4 of the Style project.

3. Policy learning and transfer at supra-national level

The European pillar in policy making

According to Hemerijck and Van der Meer (2015) the largest change in the recent decades might be the Europeanisation of socio-economic policy making notably since the wake of the Euro debt crisis (2010-2012). In their view there is reason to argue that the Economic and Monetary Union (EMU) has created new balances of power at the national level. Referring to Stein Rokkan's account they speak of a 'third tier' of the European Union alongside the other two tiers of a parliamentary tier (public and political interests) and a corporate tier (social and economic interests). Policy making at the national level that according to Rokkan is a balancing exercise between political and social and economic national interests is increasingly determined by a third European tier. Recent agreements in the framework of the European Semester, the strengthening of the European supervision on the national budget as a result of the concluding of the Fiscal Pact in 2012 have long-lasting impacts on the room for national policies of the Member States. The third European pillar of Governance limits the autonomy and juridical sovereignty of policy making within the national policy arena where political and social and economic pillars of interests meet.

3.1 The Netherlands in the European semester

Even though the crisis has been limiting the room for social policy, the new coordination structure of the European Semester does not mean that social policy is out of scope. Numerous examples may be found of EU country-specific recommendations on improving social policy performance (Bekker, 2015; Bekker and Klosse, 2013). Yet, at the same time the fiscal requirements of the Stability and Growth Pact tended to put a larger emphasis on economic targets whereas the need to develop the social agenda is acknowledged (VandenBroucke, 2012). For the Netherlands, in the European Semester the EU put forward a mix of fiscal, economic and labour market recommendations of which many were already part of the various Social Accords. Sometimes these items appear in the EU coordination after they have been formulated in the national agenda setting, such as the items on the unemployment benefit and employment protection. As such national agenda settings feed into the EU level coordination process (See also Zeitlin and Vanhercke, 2014).

The EU coordination in the European Semester has been leading to a steady number of recommendations to the Netherlands over the past years. Obviously, these have been addressing the fiscal status of the country in the light of the debt and deficit criteria. Although not meeting the 3% deficit rule in the beginning of the crisis, the Netherlands has been lowering its deficit at a good pace, leading to the abrogation of the Excessive Deficit Procedure in 2014. Also macro-economic imbalances have been addressed and here the household debts on the Dutch housing market have

been of major concern, leading to in-depth reviews in 2013, 2014 and 2015. The 2015 in-depth-review concluded that the Netherlands is in a situation of imbalance requiring policy action and monitoring. The labour market situation has been addressed as well in various ways between 2011 and 2014, yet young people have never been an item of concern. Rather education, the position of vulnerable groups and pensions are items that have been addressed repeatedly.

Education, innovation and research

The Netherlands has received reviews between 2011 and 2014 to consolidate expenditure in a sustainable and growth-friendly way by protecting expenditure in areas directly relevant for growth such as research and innovation, education and training. The Commission (2014b) is worried about adverse trends in education investments and this could harm economic growth (p.7). In spite of the fact that general government expenditures are increasing, the share of expenditures on education are projected to fall from 19% of total government expenditure in 2005 to 16.6% in 2017. The currently stable share of public spending on education (5% of GDP) is likely to decrease in the near future (Bekker, 2016 forthcoming). This decline in expenditure spending on education has begun already in 2006 indicating that it is due to policy choices and not to the crisis.

Labour market participation and vulnerable groups

Between 2011 and 2014 the Netherlands has received reviews on the need to enhance the participation in the labour market. The Netherlands should do so by reducing fiscal disincentives for second-income earners to work and by drawing up measures to support the most vulnerable groups and help them to re-integrate in the labour market (see also Bekker and Klosse, 2013). In 2012, also following some measures taken by the Netherlands, the fiscal disincentives for second earners has become a less pressing issue, although the review does mention to further reduce tax disincentives. This message is repeated in 2013, while the 2014 review merely speaks of reducing tax disincentives on labour. Also consistent attention has been devoted to the position of the most vulnerable groups in the labour market, which are defined more clearly in 2012 as older people, women, people with disabilities and migrants. In 2013 and 2014 the description of this group is narrowed down to people in marginal positions on the labour market.

In the 2012 review also general labour market rigidities are addressed as well as the need to foster labour market transitions. In the 2013 and 2014 reviews these recommendations are linked to reforms on the employment protection legislation and the unemployment benefit system. The 2014 review also suggested to differentiate wage increases by making full use of the existing institutional framework, although in consultation with the social partners and in accordance with national practice.

In background documents the Commission addresses a more general concern that is not really translated into the reviews. For example, the 2011 Commission staff working document contains the conclusion that there is little evidence on the effectiveness of the proposed measures in social security, especially concerning the low-skilled (Bekker and Klosse, 2013). The Commission finds that although in-work poverty is low in the Netherlands, the national government should make sure people who return to the labour market indeed have the chance to get out of poverty. In 2012, the Commission's concerns seem to have grown and the review questions whether the proposed reforms will indeed help vulnerable groups into a job. The Dutch decentralization trends of important labour market and social security dossiers, combined with major reductions in the budgets for sheltered

workplaces and reintegration tools, entail, according to the Commission, 'considerable implementation risks' and could hinder municipalities to properly perform the requested tasks (European Commission, 2012). Despite ongoing challenges in the Netherlands in this area, and the first rather negative signs on the impact of the recently implemented Participation Act, the 2015 CSRs no longer address the Dutch labour market.

3.2 The recommendations of the OECD for the Netherlands

Also the OECD researches the Dutch economic performance and gives recommendations for improvement, and here we will especially view the evaluation of the Dutch education system. In its recent report 'Skills beyond school in the Netherlands' (2014), the OECD expressed its satisfaction with the strong and well-funded vocational education and training system and the smooth transition from school to work. The favourable youth-employment records are related to the work-based learning structure both in school-based and work-based routes. The OECD argues that the system is vital, given the role of social partners, the active private education system and the continuous upgrading of the qualification dossiers to the requirements in the labour market. Still several challenges remain. One important concern mentioned is that employer's commitment to provide apprenticeships may decline during the economic recession. A further concern regards the quality of the teaching staff, VET-teachers need to anticipate new technological developments. New forms of exchange and cooperation between companies and schools seem to be necessary to meet this goal. Another challenge involves the training of students at preparatory vocational education and training level (VMBO); how to bring their skills to level 2 of the secondary vocational education (MBO 2) to attain the minimum starting qualification level on the labour market. More than half of the school-leavers lack this starting qualification making their chances to find a job very low. A last challenge concerns the returning issue of life-long learning, how can regulation and funding of post-secondary vocational training programmes be improved, given the lack of a clear 'Bildung'-climate in companies?

4. Conclusions and discussion

- The paper reports on the barriers and enablers of policy change and innovative policy reforms in the Netherlands to tackle the barriers to ‘successful’ school-to-work transitions on the labour market which youngsters face. In the first part we sketched the way the institutional structures operate as barriers or enablers of innovation and the launching of ‘best practices’. The governance structure with respect to youth policies mirrors the features of the Dutch welfare state, highly centralised in terms of policy formation but with decentralised responsibilities for the execution of specific policies notably in the domain of labour market, social security and welfare.
- At national level we observe that the stakeholders in the social domain conclude social covenants, social accords and multi-lateral agreements to change existing policies or to find agreement on innovative reforms and practices that are better suited to tackle the main issues. The pact making at national level in the Netherlands also shows the opportunities to policy change in the Netherlands given the tradition of concluding social covenants or accords at national level. The pact-making mirrors the Dutch Polder model in which networks of social actors communicate, consult and negotiate compromises leading to defining reform agendas’ which are more or less shared by all stakeholders.
- In our view the decentralisation of the employment, welfare support and light care services in the Dutch context renders more scope and room for collaboration and therefore for policy learning and transfer at regional level. The reform of the governance structure to give more room to the 35 labour market regions might also turn out to be salient for policy learning and transfer of knowledge on ‘best practices’. The shift to regional governance might also provide a new basis for the closer tuning of policies in the various domains (employment, welfare) and therefore for innovative approaches in the social domain (social innovation).
- The challenges to tackle youth unemployment have inspired local policy makers to initiate experiments and innovative local initiatives. One of these initiatives refer to realizing a *youth guarantee plan* (called a “Youth Unemployment Free Zone”) in the region Mid-Brabant in the Southern part of the Netherlands and innovative education reforms practices in the main capital Amsterdam. We argue that a novel innovative way of ‘governance’ known as the

'knowledge triangle' or 'triple helix' (collaboration at local level between the public sphere, the knowledge institutions and the market) can receive common support among stakeholders at local level. This novel approach mirrors a shift with the classical way of governance that is project-oriented and subsidy-based and coupled to financial incentives into a network-based collaborative and more pro-active and preventive approach that is conducive to innovative 'best practices'.

- There are many valid reasons to argue that the Economic and Monetary Union (EMU) has created new balances of power at the national level. Referring to Stein Rokkan's account we might speak of a 'third tier' of the European Union alongside the other two tiers of a parliamentary tier (public and political interests) and a corporate tier (social and economic interests).
- Many of the issues raised in the European semester are also addressed in the national agenda. Therefore, it is difficult to assess what is cause and consequence because the policy formation process is an on-going process in which policies at national and European level interact and influence each other. That the influence of European policy making is large seems obvious but how both interact and influence each other is hard to assess. The Youth Guarantee at European level did not seem to result in initiatives at the national level but did initiate ideas and reforms at the regional level which are however still in their infancy.

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