



COUNTRY  
REPORT  
FOR  
NETHERLANDS

A photograph of a woman holding a young child in her arms, walking down a narrow brick alleyway. The entire image is overlaid with a semi-transparent red filter. The woman is looking down at the child, and the child is looking towards the camera. The alleyway is flanked by brick buildings, and there is a metal railing on the right side.

EUROPE 2020  
SHADOW REPORT 2014

PROPOSALS FOR THE ANNUAL GROWTH SURVEY,  
COUNTRY SPECIFIC RECOMMENDATIONS AND NATIONAL POLICIES.  
CARITAS RECOMMENDATIONS FOR EUROPE 2020 MID-TERM REVIEW.

# 01 EU 2020 Strategy: general evaluation

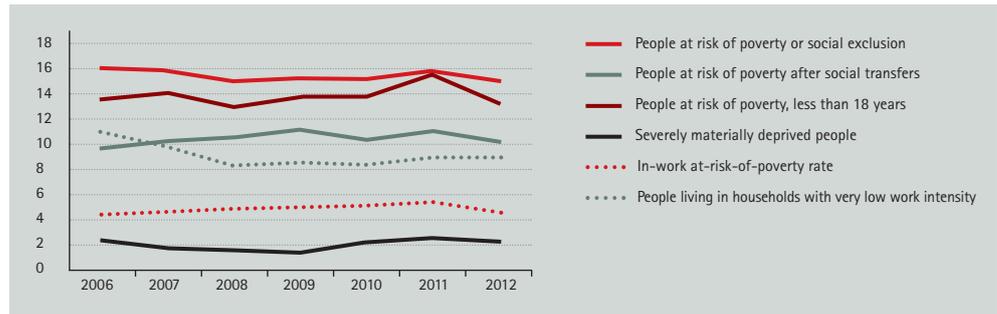
In 2013, the Europe 2020 Strategy did not make a difference nor did it facilitate progress towards employment growth or poverty reduction. In fact, the opposite is true. Unemployment, poverty and households debt have all increased.

Nevertheless, the Europe 2020 targets are still relevant, but due to the continuing crisis these targets will not be reached by 2020. Among the current targets, the ones on employment, education and poverty reduction are the most important; of secondary importance are the targets for sustainability, innovation and the climate/energy sector. This second group of targets should contribute to the first group. Due to the battle against the economic crisis, there has not been enough research, innovation and investment on the second group of targets. To break down the objectives into national targets is useful; however, the planning and expectations of the objectives were made before 2008 – the start of the international crisis. Therefore, these targets are too ambitious and have to be reconsidered.

## 02 Poverty

### 2.1 Recent trends

Eurostat (% of population)	2009			2010			2011			2012			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	
<b>Netherlands</b>													
<b>POVERTY</b>													
People at risk of poverty or social exclusion	-	-	15.1	-	-	15.1	-	-	15.7	-	-	15.0	24.8
People at risk of poverty after social transfers	10.8	11.3	11.1	10.8	11.3	11.1	10.8	11.1	11.0	9.5	10.6	10.1	17.0
People at risk of poverty, less than 18 years of age	-	-	13.7	-	-	13.7	-	-	15.5	-	-	13.2	20.8
Severely materially deprived people	-	-	1.4	-	-	2.2	-	-	2.5	-	-	2.3	9.9
In-work at-risk-of-poverty rate	5	5.1	5	5.6	4.6	5.1	5.8	5	5.4	4.8	4.3	4.6	9.2
People living in households with very low work intensity	-	-	8.5	-	-	8.4	-	-	8.9	-	-	8.9	10.3



## Development of poverty and social exclusion indicators in the Netherlands (2009-2012) based on Eurostat:

- The highest relative and absolute increase occurred in the rate of severely materially deprived people, which rose by 0.9 p.p. from 1.4% in 2009 to 2.3% in 2012, nevertheless, remaining well below the EU-average (9.9% in 2012).
- While the rate of people living in households with very low work intensity increased by 0.4 p.p. to 8.9% in 2012, all other poverty indicators, with the exception of the above-mentioned severe material poverty rate, dropped during the observed period, with the sharpest decrease in the at-risk-of-poverty-after-social transfers rate, which dropped from 11.1% in 2009 to 10.1% in 2012.
- It is worth noting that the in-work-at-risk-of-poverty rate dropped more sharply among women (by 0.8 p.p.) than among men (0.2 p.p.), representing a switch in gender disparity for this indicator, which affected more women in 2009 (5% m, 5.1% f) and more men in 2012 (4.8% m, 4.3% f).
- Child poverty experienced a peak in 2011 (15.5%) and levelled off again in 2012 (13.2%), representing an overall drop of 0.5 p.p. during the observed period.

According to EU figures, the at-risk-of poverty and social exclusion rate decreased between 2005 (16.7%) and 2008 (14.9%) though it increased to 15.1% in 2009 and maintained this rate also in 2010. The material deprivation rate reached its lowest rate in 2009 with 1.4% but increased in 2010 to 2.2%, well below the EU average of 8.1%. The share of people living in low-work intensity households has been increasing since 2005 (10.4%), reaching 13.1% in 2011, above the EU average of 10%. Regarding the in-work poverty rate, it has been increasing since 2006 (4.4%), reaching 5.1% in 2010, though still below the EU average of 8.4%. Child poverty has fluctuated between 12.9%-15.4% between 2006 and 2010 (13.7%), well below the EU average of 20.5%. In 2009, 40% of the 330,000 children living in poverty grew up in families dependent on social benefits. In 2010, the working poor was estimated at 576,000 people (their share among the poor households grew from 50% to 59% during the past decade).

## Additional national data shows the severity of the problems reflected by the above Eurostat data:

- In the Netherlands, four different criteria for measuring poverty are being used. As regards the low-income line,<sup>1</sup> figures show that in 2011 and 2012, poverty was rising. Poverty has become common among single-parent families, single female persons older than 65 years, social welfare recipients and children, and chronically ill and disabled people. Independent workers and entrepreneurs are increasingly becoming part of the working poor. In 2009, 7.7% of all households (over 1 million people) lived below the low-income line, and 2.6% of all households did so for a period of at least 4 years. At the end of 2012, 9.4% or 664,000 of the households (over 1.33 million people) lived below the low-income line and 170,000 or 2.7% of all households had been living in poverty for a period of at least 4 years. In 2013, official estimations (CBS, government statistics office) showed that the number of poor households was expected to increase by up to 0.5p.p.

<sup>1</sup> Monitoring Report of the Churches (2013) – see more: Cordaid.nl; low income line: low income line refers to the buying power of the households. After deducting all fixed costs, most of the households in poverty have insufficient income to cover other basic items (food, clothes for the children, sports, etc.).

- ➔ In 2010, the number of working poor was estimated at 576,000 people; and their share among poor households grew from 50% to 59% during the past decade. At the end of 2012, the share of people living in working-poor households was about 5% or 348,000. Poor households with part-time jobs and part-time social benefits totalled 255,000 or 3.6%. A great part of these low-income work households are self-employed persons without staff or independent workers. In May 2013, their number had increased to at least 730,000, out of which one third earned an income of 25,000 euro annually or less.
- ➔ Migrant families are particularly visible in poverty statistics. In 2009, 25% of non-western migrant families had low incomes; this figure is three times the average of the overall population. Such income levels tend to stay low for a longer period. At the end of 2012, the figure increased to 28.6%.
- ➔ The number of households in debt more than doubled between 2005 (0.2 million) and 2008 (0.5 million) and continued to grow in 2009 (0.7 million), partly due to the inability to pay the mortgage. At end of 2012, some 2.2 million households were lagging behind in paying the bills. In 2013, some 87,000 households sought debt assistance. Apart from housing loans, 19.2% of all households (1,392,000) had some kind of credit or loan they need to repay. In 2013, over 2 million households, or 27.8% of all households, were lagging behind in paying bills or had some form of outstanding debt. In 2008, the figure stood at 27%. According to the Central Office of Statistics, in March 2013, 1.4 million households had a mortgage that was higher than the worth/value of their house.
- ➔ The rescue of Netherland's national banking system by the Dutch government administration increased the national budgetary deficit. As a consequence, public expenditure increased enormously which resulted in reductions in social benefits, education, health-care, safety, infrastructure, social housing and transport. Unemployment, household indebtedness and poverty have increased. The new groups experiencing poverty are the working poor (employed), self-employed persons without staff or independent workers, family entrepreneurs and households with a debt after a forced sale of their house with a mortgage.

## Testimony

The faces of poverty – Cordaid observations

*Poverty has many faces, also in The Netherlands, in any village or township. It is distressing to see the homeless and invalids, upon which we stumble often in the big cities. Sometimes their presence creates public trouble. Even more distressing is the chain of the 145 food banks and the 87,000 people, who had to use these facilities by the end of 2013.*

*Less publicly visible is the quiet poverty, which is hidden behind the front-doors of houses in which people are living, who at first sight don't appear to be in poverty. There are the faces of elderly people, mostly women, living on social benefits. There are the faces of people with various social benefits, who have experienced 20% cut backs in their income and facilities. There are the faces of various ethnic coloured people, mostly women and youth. There are the faces of paid labour workers with mostly two or three part-time jobs and despite their labouring still live below the low-income poverty line. More often there are the faces of independent workers, family entrepreneurs and self-employed persons without staff.*

*Any one event can push people into the poverty status, such as divorce, illness, an accident, death, redundancy and unemployment, (especially now the effect of the worldwide international crisis has increased), as well as high costs of housing. There are the faces of the redundant and unemployed, who are battling with the payments of rents or mortgages and who have had to leave or sell their homes. There are the faces of*

*independent workers and entrepreneurs who are losing their jobs or businesses or shops. There are the faces of refugees, illegal people, people with no papers, labour (im)migrants, the Roma and Sinti.*

*In all these households that are wrestling with poverty, children are living too. There are all the young faces who don't show the worries and disappointments of poverty, but experience growing up in poverty.*

*Cordaid is promoting social enterprises via cooperatives in order to alleviate poverty and to create jobs and perspectives for people depending on social welfare. This shift in our diaconal policy does create new momentum and new affluence of (professional) volunteers, donations and investment in the social business of the cooperatives.*

## 2.2

### Recent policy developments

The 2013 NRP does not include specific anti-poverty programmes or policies other than employment and labour market policies. The main objective is to reduce the number of jobless households, though this does not automatically lead to reducing poverty levels. More and more people of the labour market increasingly belong to the working poor (e.g. independent workers) and no concrete measures are foreseen to address impoverishment within these groups.

The policies of the Rutte government have been absolutely inadequate in curbing the rising poverty trend. In view of the main target to reduce the budgetary deficit, there are low expectations that the policies of the Rutte II government will contribute to reaching the Europe 2020 targets regarding unemployment, poverty and social exclusion. For the time being, all statistics on these items are increasing.

The decentralisation of the budget for welfare to the municipalities (with a proposed budget reduction of up to 30%) might have a strong negative impact on poverty, despite the efforts of municipalities to organise welfare services more effectively and efficiently. The main challenge is to what extent municipalities are capable of rallying voluntary services in the new so-called "participatory society".

## 2.3

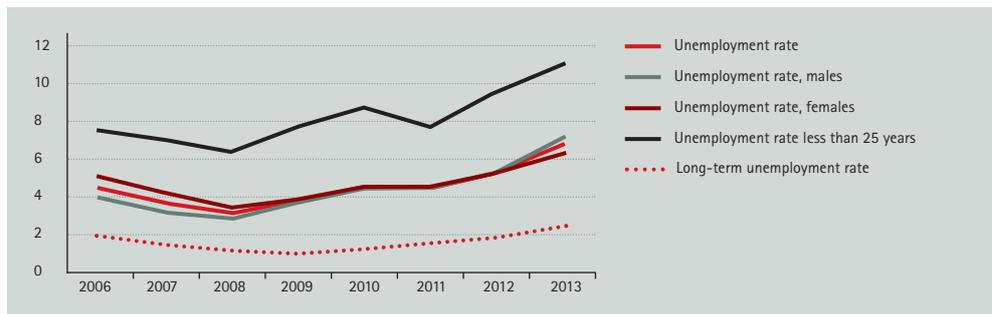
### Recommendations

- ➔ Move beyond reactive policies to proactive policies to start preventing poverty and to target interventions at various steps of the poverty cycle.
- ➔ Implement anti-poverty programmes to tackle the situation of specific vulnerable groups, such as single women with children and non-western immigrants.
- ➔ If social benefits are further decreased, a national food programme would need to be designed and implemented.
- ➔ The own contributions for education and healthcare need to remain low and the budgets for support, guidance and accompaniment need to be increased.

# 03 Employment

## 3.1 Recent trends

Eurostat (% of population)	2009			2010			2011			2012			2013			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	
<b>Netherlands</b>																
<b>EMPLOYMENT</b>																
Employment rate	84.9	72.7	78.8	82.8	70.8	76.8	82.6	71.4	77.0	82.5	71.9	77.2	81.3	71.6	76.5	68.3
Unemployment rate	3.7	3.8	3.7	4.4	4.5	4.5	4.5	4.4	4.4	5.3	5.2	5.3	7.1	6.3	6.7	10.8
Unemployment rate, under 25 years of age	-	-	7.7	-	-	8.7	-	-	7.6	-	-	9.5	-	-	11	23.4
Long-term unemployment rate	0.9	1	0.9	1.2	1.2	1.2	1.6	1.4	1.5	1.9	1.7	1.8	2.6	2.2	2.4	5.1



### Developments of employment indicators in the Netherlands (2009-2013) based on Eurostat:

- ➔ The highest relative increase occurred in the long-term unemployment rate, which rose from 0.9% in 2009 to 2.4% in 2013 and almost tripled among men (0.9% in 2009, 2.6% in 2013), nevertheless, remaining well below the EU-average (5.2% in 2012).
- ➔ The highest absolute increase occurred in the male unemployment rate (by 3.4 p.p.), followed by the youth unemployment rate which rose by 3.3 p.p. from 7.7% in 2009 to 11% in 2012; nevertheless, remaining well below the EU-average (23.4% in 2012).
- ➔ The employment rate dropped more sharply among men (by 3.6 p.p.), slightly narrowing the gender employment gap (12.2 p.p. in 2009, 9.7 p.p. in 2013) and reducing the overall employment rate to 76.5% in 2013, still well above the EU-average (68.3% in 2013). It is worth noting that gender disparities switched in the unemployment rates, which affected more women in 2009 and more men in 2013.

## Additional national data shows the severity of the problems reflected by the above Eurostat data:

- ➔ The effects of the international crisis and the main target of the governmental policies – rescuing the national banking systems and reducing the budget deficit – have had severe consequences on the Dutch employment situation. While the rate of redundancies and unemployment has increased sharply, more and more households are indebted and live in poverty. Recent statistics, in August 2014, show a freeze in this increase. However, it is not sure whether this trend is due to the effects of governmental policies or due to a greater number of people who have retired.
- ➔ At the end of 2013, 832,000 persons or 8.2% of the labour population were unemployed. In July 2013, research by the Central Office Of Statistics estimated the number of people without jobs, who did not apply for social welfare benefits and did not follow training/education for a job: these so-called 'nuggers'<sup>2</sup> totalled 1.4 million people. Of these, 75% were women, of whom 50% were between 55 and 65 years old. 25% were non-western migrant families and 45% had low education levels. Many 'nuggers' are active in the informal economy, often in the fields of housekeeping, raising children and family care. Half of them would like to apply for a paid job but are excluded from the labour market. Added to the figures of unemployment for July 2013 (675,000), frictional unemployment affects 1,375,000 or 18.8 % of the labour population.
- ➔ Caritas Netherlands (CORDAID) observes an increase in people asking for charity, second-hand goods and increasing diaconal involvement of churches and other charity organisations<sup>3</sup>.

### 3.2

## Recent policy developments

In February 2013, a Social Agreement was signed; and trade unions, management and civil society backed the programme. However, there are no visible signs that this Social Agreement is leading to an increase of jobs. At the same time, the flexible job-market, including temporary work, has been growing since March 2014.

### 3.3

## Recommendations

- ➔ Local authorities need to take a leading role in employing young people, elderly people and people with disabilities, especially women; these initiatives should be supported financially by the national government.
- ➔ Implement actions to improve the employability of the most vulnerable groups furthest away from the labour market.
- ➔ Services such as childcare for workers should be guaranteed, especially for single-parent families.

<sup>2</sup> "Niet-UitkeringsGe-rechtigden" (in Dutch) - those not having the right to a social benefit/income

<sup>3</sup> See the report Poverty in The Netherlands 2013.

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