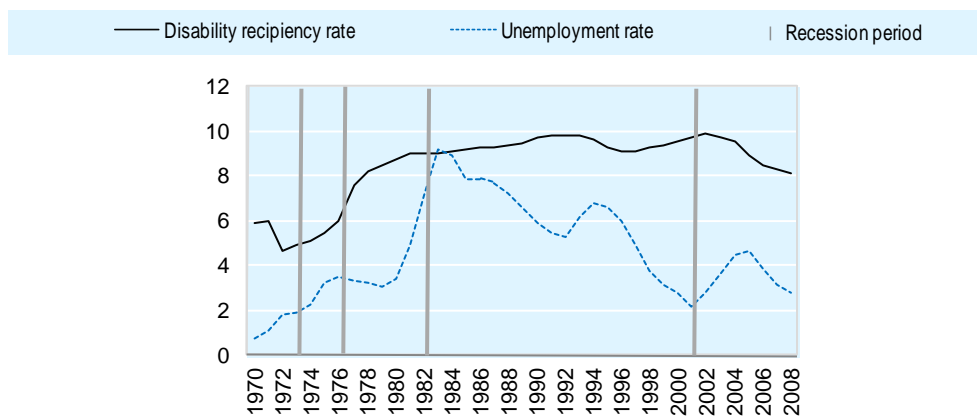


NETHERLANDS

KEY FINDINGS

- In the Netherlands, the number of people receiving disability benefit has long been higher than the number of unemployed. Since 1983, when the two numbers were roughly identical, the gap increased again very fast for over twenty years, due to a rapid drop in unemployment and a continuously high number on disability benefit. Since 2005, both numbers are falling (Figure 1).

Figure 1. Long-run trends in unemployment and disability reciprocity rates in the Netherlands, 1970-2008 (percentages)



- Despite the recent drop, the number of people of working age in the Netherlands who receive disability benefit is still among the highest in the OECD; in 2008, 8.2 % compared to an OECD average of 5.7% (Figure 2).
- The disability benefit caseload is high at all ages, but especially so for young adults aged 20-34, at 3.5% compared to an OECD average of around 1.5%. New claims are especially frequent at age 18.
- Public spending on sickness and disability makes up 3.7% of the Netherlands' total GDP, compared to an OECD average of 1.9%.
- The employment rate for people with chronic health problems or disability at the end of 2007 was only around OECD average but, due to broad benefit coverage and generous payments, their poverty rate was comparatively low, at 12% compared to an OECD average of 22% (Figure 3).
- The unemployment rate for people with chronic health problems or disability was lower than that of the OECD average, at 8% compared to 13.7%. But it was almost three times the Dutch unemployment rate for people without health problems.

POLICY CHALLENGES

1. **Continue to address the large number of disability benefit claims at age 18-22.** The annual number of claims by young people with childhood and adolescence disability is still massive.
 - Evaluate and monitor recent changes for this group (i.e. changes to the special *Wajong* scheme), and adjust the system further if needed, especially in regard to the assessment criteria.
 - Improve work incentives so to make it more attractive to move off *Wajong* benefit.

2. **Better assist public sickness benefit clients.** A key feature of recent reform was the many new responsibilities for employers. However, the proportion of those claiming a disability benefit without a previous period of employer-provided sick-pay has increased very fast and reached 40% already. Those people do not benefit from the strengthened employer obligations.
 - The UWV, the public authority responsible for public sickness benefit for this group (*Vangnetters*), should make its role as a quasi-employer more transparent and adjust internal incentives.
 - UWV caseworkers need to follow the rules applicable for employers rigorously, with strong reintegration plans and tight participation requirements for sick people early on.
3. **Evaluate and address new risks and inequalities.** In the course of the many reforms in the past decade, new problems and inequalities are arising. To ensure that reform is socially sustainable, some groups – e.g. those who (i) lost their claims after a reassessment, (ii) are no longer entitled to disability benefit or (iii) are expected to work partially but cannot find a job – might need extra support.

Figure 2. **Disability benefit recipiency rates in 2008, Netherlands in comparison with 30 other OECD countries, plus OECD average (percentages)**

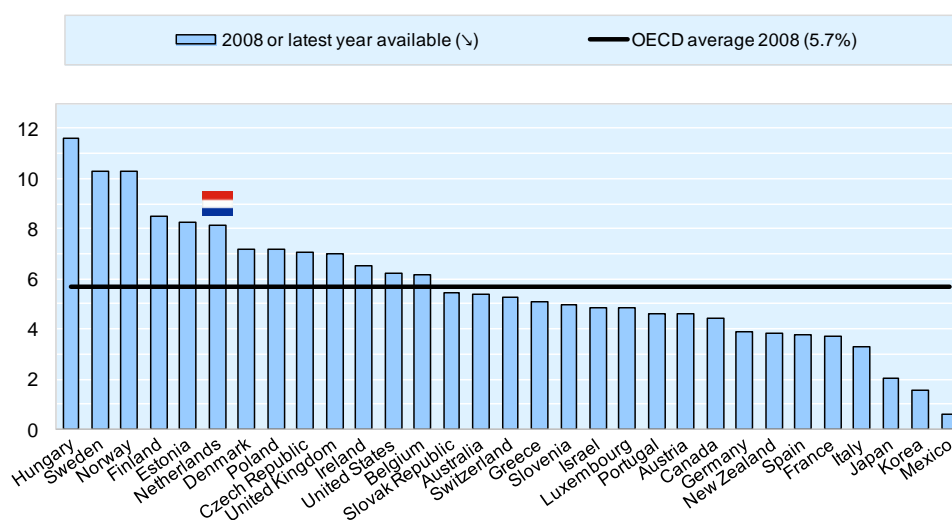


Figure 3. **Selected key labour market indicators by disability status, around 2007 i.e. before the recent economic downturn, Netherlands and OECD averages (percentages)**

