

# Demographic Change in the Netherlands: Strategies for resilient labour markets

## *Highlights*



## Disclaimer

This work is published on the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Organisation or of the governments of its member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Cover © François Iglesias (OECD/LEED)

Cover photos credits: Ministry of the Interior and Kingdom Relations, The Netherlands

© OECD 2013

ISSN 2079-4797 (PDF) OECD Local Economic and Employment Development (LEED) Working Paper Series. This report is part of a series of working papers from the OECD Local Economic and Employment Development (LEED) Programme. The LEED Programme identifies, analyses and disseminates innovative ideas for local development, governance and the social economy. Governments from OECD member and non-member economies look to LEED and work through it to generate innovative guidance on policies to support employment creation and economic development through locally based initiatives

# Demographic change in the Netherlands: Strategies for resilient labour markets

An analysis of Groningen/Drenthe, Limburg and Zeeland Provinces

## Highlights



## TABLE OF CONTENTS

<b>Demographic change in the Netherlands: Strategies for resilient labour markets .....</b>	<b>5</b>
<b>International trends show population growth deceleration together with ageing.....</b>	<b>8</b>
<b>Labour markets need to be re-positioned towards sustainable and resilient development.....</b>	<b>11</b>
<i>Addressing population stagnation at the local level .....</i>	<i>11</i>
<i>Developing inter-generational engagement to stimulate ageing local labour markets .....</i>	<i>13</i>
<i>Addressing labour force decline in peripheral areas.....</i>	<i>18</i>
<b>Smart strategies in peripheral regions need to continue through co-ordinated national-local policy responses.....</b>	<b>21</b>
<i>Develop inter-generational responses to labour market challenges.....</i>	<i>23</i>
<i>Strengthen national-local alignment and co-operative frameworks to create a dynamic and responsive labour market.....</i>	<i>27</i>
<i>Invest in place-based development and foster resilient communities.....</i>	<i>32</i>
<b>The Netherlands' Dashboard on demographic change.....</b>	<b>36</b>
<b>Summary of the main recommendations for The Netherlands: Achieving growth that is inter-generational, co-operative, and place-based .....</b>	<b>41</b>

## DEMOGRAPHIC CHANGE IN THE NETHERLANDS: STRATEGIES FOR RESILIENT LABOUR MARKETS

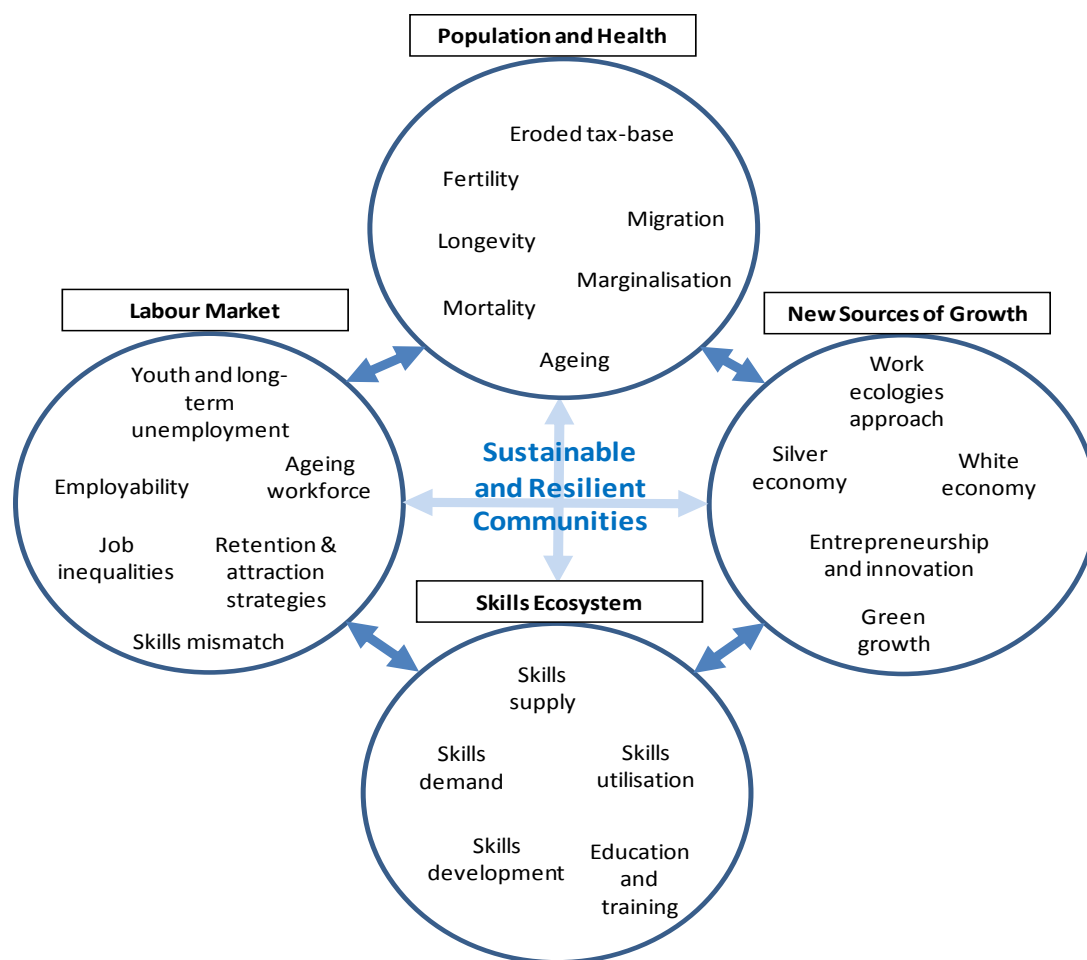
This document summarises the findings from the Netherlands case study for the international project on *Local scenarios of demographic change: The impact on local labour markets*. The project is conducted by the OECD Local Economic and Employment Development (LEED) Programme, in partnership with the Ministry of the Interior and Kingdom Relations and the provinces of Groningen/Drenthe, Zeeland and Limburg (Figure 1), with the support of the European Commission DG Employment, Social Affairs and Inclusion. Results indicate that the Netherlands' response to demographic change is well advanced, but additional actions can be undertaken, particularly regarding the shrinking and ageing society, and especially within the context of regional and local labour markets.

Figure 1 Map of the Netherlands and the study regions



Strategic approaches to demographic challenges require a re-positioning of labour markets towards sustainable and resilience promoting strategies. A "whole-of- government"<sup>1</sup> approach is needed to design economic development policies, population and health policies, labour market policies and skills and education policies targeting sustainable and resilient communities<sup>2</sup>. A holistic development approach that integrates economic growth, health, education, environment and other needs can produce higher quality outputs than stand-alone projects operating on a narrow spectrum of deliverables. The issues involved require converging strategies across policy fields, as can be seen in Figure 2.

**Figure 2 Policies for sustainable and resilient communities**



Source: Based on OECD, 2012

<sup>1</sup> A whole-of-government approach is defined as “one where a government actively uses formal and/or informal networks across the different agencies within that government to co-ordinate the design and implementation of the range of interventions that the government’s agencies will be making in order to increase the effectiveness of those interventions in achieving the desired objectives” (OECD, 2006, Whole Government Approach to Fragile States, OECD publishing).

<sup>2</sup> Sustainable development for local economic development underlines the need to adopt a long-term approach that considers economic, social and environmental issues at the same time. See Martinez-Fernandez, C., Kubo, N., Noya, A., and Weyman, T. (2012) *Demographic change and local development: Shrinkage, regeneration and social dynamics*, OECD Publishing, DOI: [10.1787/9789264180468-en](https://doi.org/10.1787/9789264180468-en).

The Netherlands could re-position its communities to transition their responses to labour market challenges to be more inter-generational<sup>3</sup>, thus providing a smarter co-operative framework, with a dynamic and responsive local labour market, which fosters place-based development in order to achieve resilient communities (see Table 1).

**Table 1: A systematic approach to re-positioning labour markets in transition**

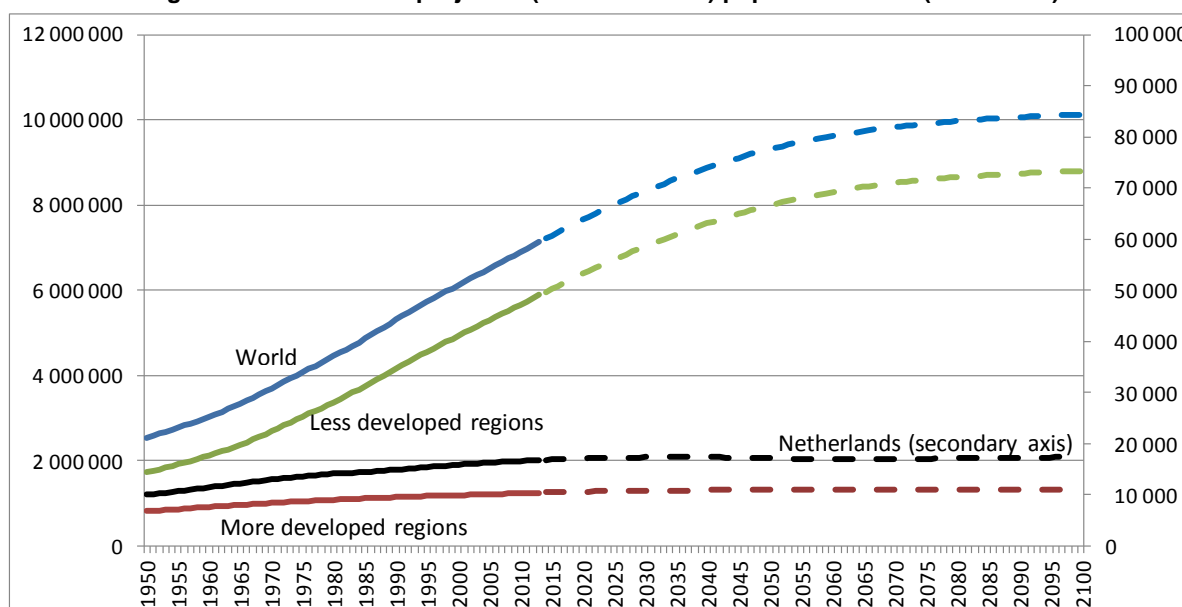
<b>Intergenerational responses to labour market challenges</b>	<ol style="list-style-type: none"> <li>1. Re-position older workers (strategies for life-long learning, and intergenerational skills transformation)</li> <li>2. Integration of the unemployed and lower-skilled (strategies for job carving and training)</li> </ol>
<b>Co-operative frameworks towards a dynamic &amp; responsive labour market</b>	<ol style="list-style-type: none"> <li>3. Connection between education and the labour market (strategies to address the mismatch in the labour market, interactions between schools and businesses, educational choices for the young, skills ecosystems)</li> <li>4. Promotion of entrepreneurship and workplace flexibility (strategies for incubators and entrepreneurship education, skills development in SMEs)</li> </ol>
<b>Place-based development for resilient communities</b>	<ol style="list-style-type: none"> <li>5. Identification of new sources of growth (strategies for work-ecologies and uniqueness of place)</li> <li>6. Promotion of healthy communities (strategies for good places to live and social capital development)</li> </ol>

<sup>3</sup> Inter-generational approaches in the labour market refer to activities that connect young and mature workers; both in the workplace and in learning environments. The need for regular skills updating underlines the need for intergenerational learning. Mature workers learning from young workers and vice versa in a formal or informal manner, is a form of intergenerational solidarity in the workplace, which is highly relevant in dealing with new skill requirements.

## INTERNATIONAL TRENDS SHOW POPULATION GROWTH DECELERATION TOGETHER WITH AGEING

As clearly illustrated in Figure 3, the world's population will surpass 9 billion people by 2050 and exceed 10 billion by 2100<sup>4</sup>; with most of the population growth occurring in developing countries, while the more developed countries will experience population stagnation. The population growth rate is decelerating in Asia, while Europe and Latin America and much of the Caribbean will experience negative population growth during 2050-2100 (Figure 4).

**Figure 3 Estimated and projected (median variant) population totals (thousands)**



Source: based on data from UN (2011)

Population ageing is becoming a worldwide phenomenon; the number of persons aged 60 or over is expected to triple globally by 2100. According to Figure 5, in 2011 the world's more developed regions had 22% of the over 60 population and by 2050, they are projected to have 32%, then 33% by 2100. Developing countries will experience rapid population ageing too, in 2011 only 9% were over 60, by 2050 this will more than double to 20%, and will reach 30% by 2100<sup>5</sup>. Population ageing will have a number of economic, social and political impacts that will need co-ordinated actions across different policy fields.<sup>6</sup>

<sup>4</sup> UN (2011) *World Population Prospects, The 2010 Revision: Highlights and Advance Tables*, [http://esa.un.org/unpd/wpp/Documentation/pdf/WPP2010\\_Highlights.pdf](http://esa.un.org/unpd/wpp/Documentation/pdf/WPP2010_Highlights.pdf).

<sup>5</sup> UN (2011) *World Population Prospects, The 2010 Revision: Highlights and Advanced Tables*, [http://esa.un.org/unpd/wpp/Documentation/pdf/WPP2010\\_Highlights.pdf](http://esa.un.org/unpd/wpp/Documentation/pdf/WPP2010_Highlights.pdf).

<sup>6</sup> United Nations (2009), *World Population Ageing 2009*. New York: United Nations Population Division.



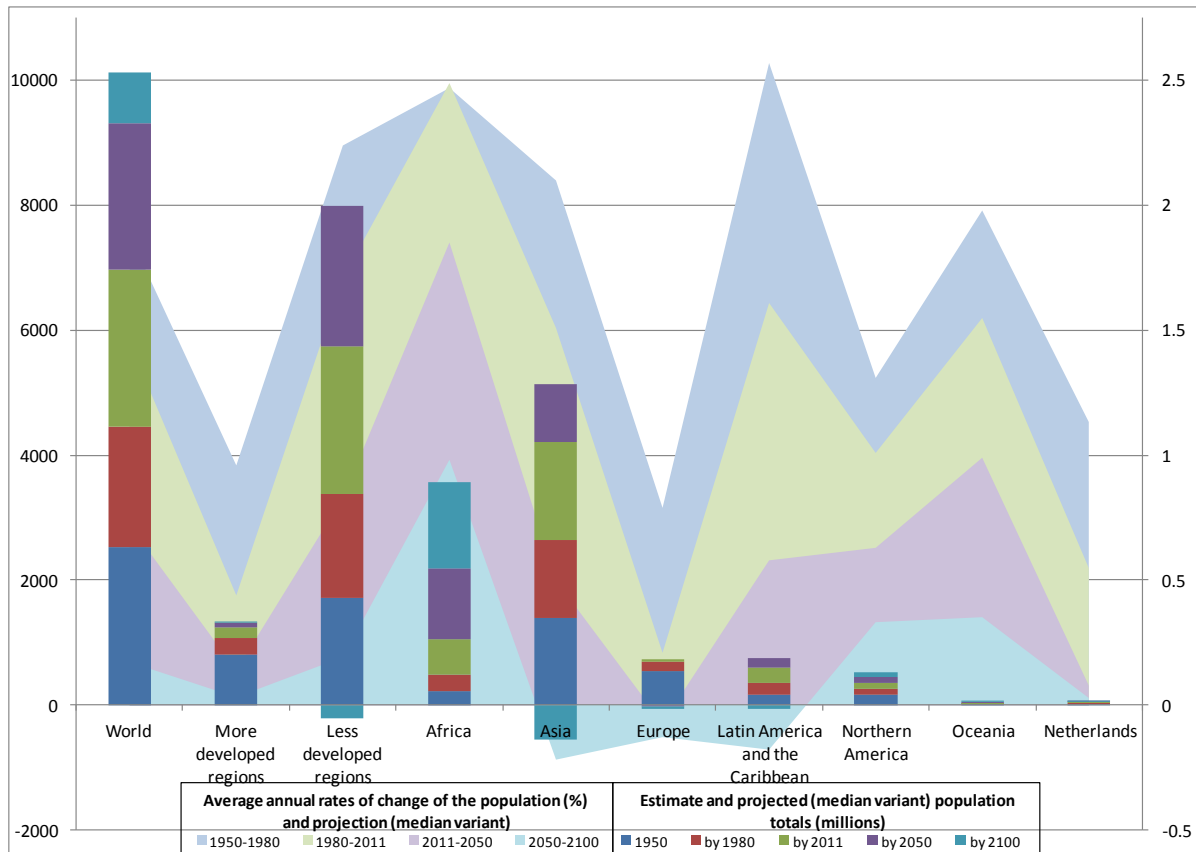
**Impacts of population dynamics (quantity and composition) on policy fields<sup>7</sup>**

Economically - economic growth, savings, investment, consumption, labour markets, pensions, taxation and intergenerational transfers.

Socially – family composition and living arrangements, housing demand, migration trends, epidemiology and the need for healthcare services.

Politically - shape voting patterns and political representation.

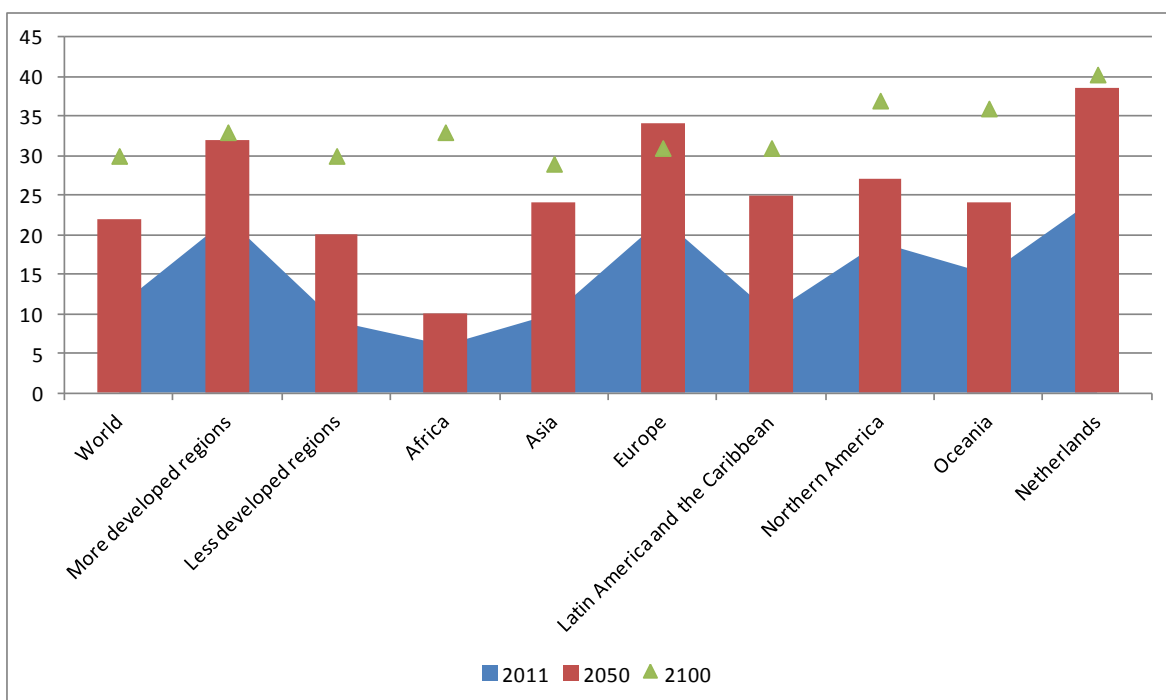
**Figure 4 Estimated and projected (median variant) population growth rates (%) and totals (millions)**



Source: based on data from UN (2011)  
 Note: Netherlands – statistics for 2010 (instead of 2011)

<sup>7</sup> See footnote 4.

Figure 5 Population 60+ for 2011, 2050 and 2100 (median variant)



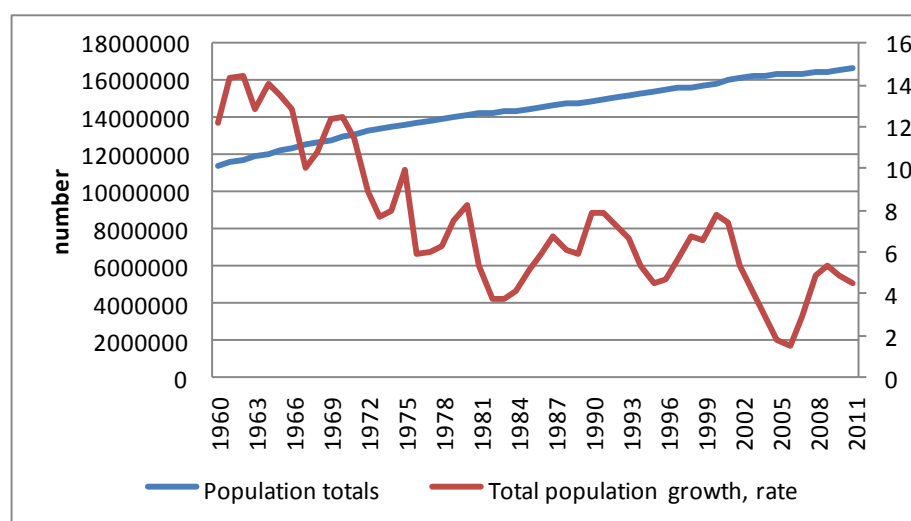
Source: based on data from UN (2011)

## LABOUR MARKETS NEED TO BE RE-POSITIONED TOWARDS SUSTAINABLE AND RESILIENT DEVELOPMENT

### Addressing population stagnation at the local level

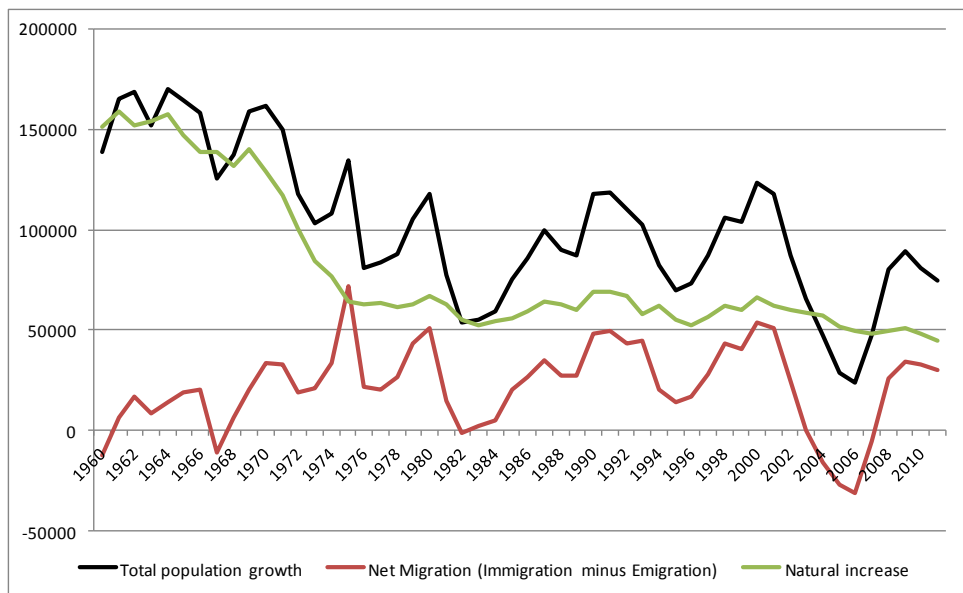
The Netherlands must continue addressing demographic change. Although the population is growing, the population growth rate, even if fluctuating considerably, has been declining since the 1960s (Figure 6). The cause of the fluctuating and declining population growth can be linked to natural increase from births (which is in steady decline) and a fluctuating decline in net migration (immigration minus emigration) (Figure 7). It can be concluded from this that the population growth potential of the Netherlands is greatly dependent on immigration from other countries, which could have significant consequences for skills levels and the labour market environment.

Figure 6 The Netherlands total population and growth rate



Source: Based on Netherlands Statline database

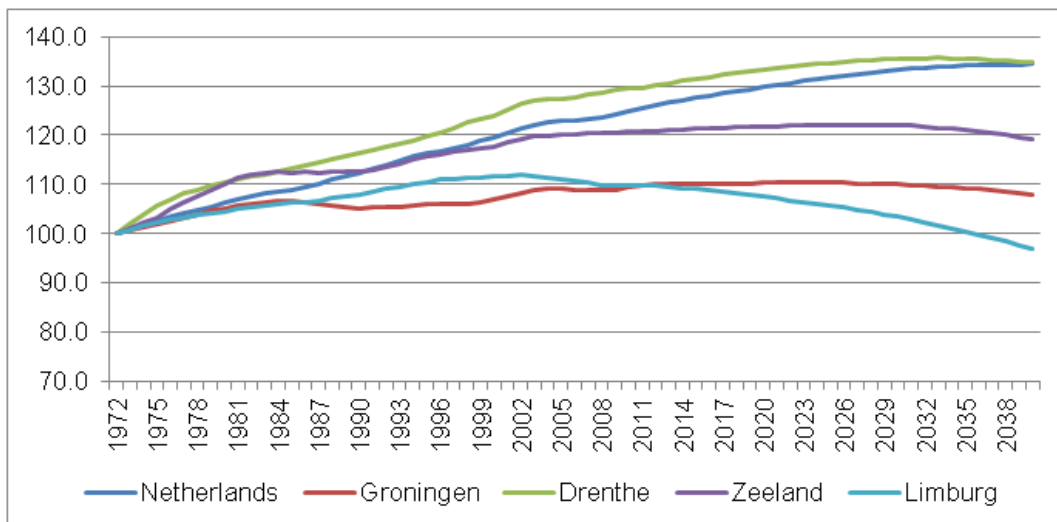
**Figure 7 The Netherlands population growth, migration and natural increase**

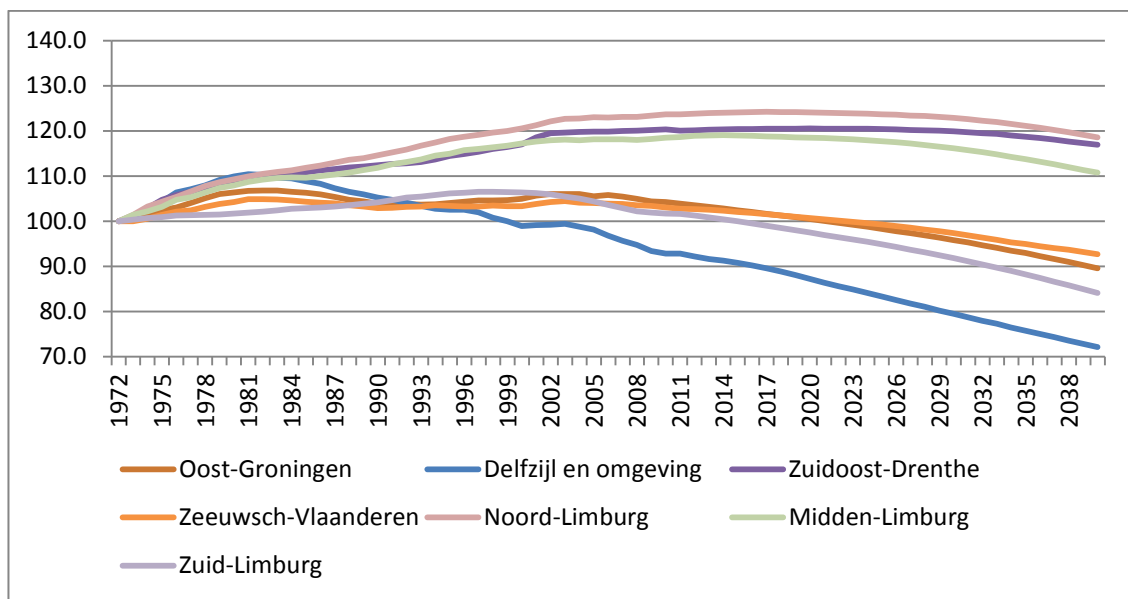


Source: Based on Netherlands Statline database

Total population numbers have increased by 25.5% from 1972 to 2011, and this increase is expected to continue until it reaches 34% (relative to 1972 levels) in 2035 and then stabilise at 17.8 million. However, regional differences are significant. At a provincial level, population numbers since the year 2000 have started to decline in Limburg, whereas Zeeland and Groningen show stable population figures (Figure 8). At the NUTS III (local) level, those areas located at the periphery of the provinces are facing the sharpest population decline (Figure 9), due to a combination of a stronger ageing process and a negative migration balance, meaning that young people who cannot find jobs (or education) move to areas where there are more opportunities. Continued and co-ordinated policy focus is needed in these peripheral local areas, to strengthen the re-positioning of labour markets to areas in which the population decline is taking place and encourage personal networks that will lead to development of resilient communities.

**Figure 8 Total population (registered from 1972-2011, prognoses from 2012-2040, 1972=100)**



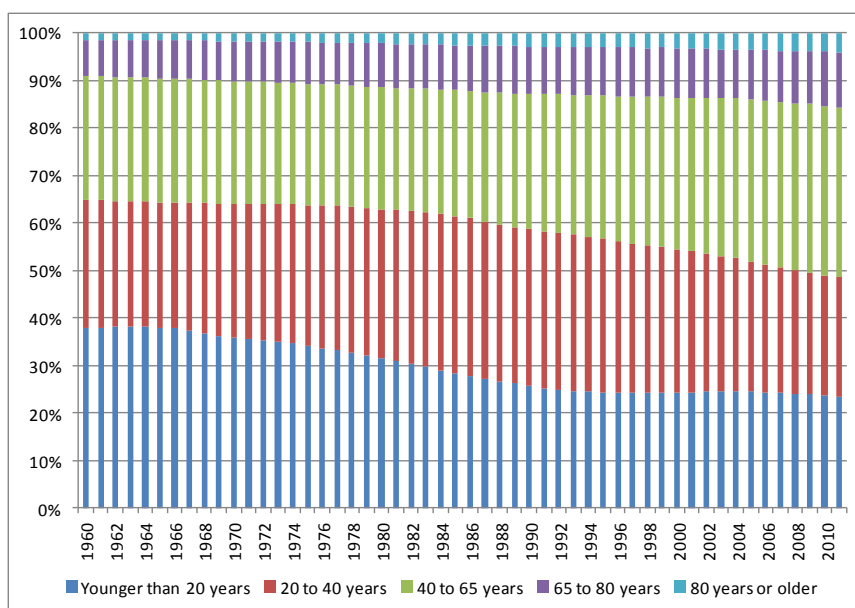
**Figure 9 Total population NUTS III regions (registered from 1972-2011, prognoses from 2012-2040, 1972=100)**

### Developing inter-generational engagement to stimulate ageing local labour markets

Many demographic trends in the regions are explained by the ageing of the population. All four provinces have a one to three year higher median age than the Netherlands as a whole (40 years). Differences are even more significant at the NUTS III (local) level, with Zeeuws Vlaanderen having a median age of 46, and Zuid-Limburg and Delfzijl a median age of 45.

Figure 10 clearly illustrates significant changes in the Netherlands' age structure: declining share of youth (younger than 20 years); growth and then decline in the share of the 20 to 40 age cohort; significant increase in the 40 to 65 age cohort; and gradual increases in the 65 to 80 and 80 years or older cohorts. As a result, the workforce in the near future will be older, which will considerably change the situation in the labour market, increasing the number of older workers and reducing the number of new entrants into the labour market.

Figure 10 The Netherlands age structure since 1960



Source: Based on Netherlands Statline database

Nationally, the 65+ population's share has increased from 10% to 15% between 1972 and 2011. Some NUTS III (local) regions are already close to 20%: Zeeuws-Vlaanderen; and Zuid-Limburg (Figure 11). Furthermore, in the coming years, the share of people aged 65 and over will continue to increase (Figure 12). Older workers (55-64) will constitute an increasing part of the labour force, increasing the employment rates of older people is thus a necessity in order to compensate for the lower number of young people entering the labour market. Developing inter-generational activities that connect the young with the old is a resilient and feasible strategy for local prosperity. The inter-generational approach can be useful in narrowing the gap between different age groups and in helping disadvantaged people to be active in the labour market. This approach is fundamental to increasing civic participation, building communities, improving health and creating better employment opportunities, particularly in shrinking labour markets<sup>8</sup>.

<sup>8</sup> Martinez-Fernandez, C., Kubo, N., Noya, A., and Weyman, T. (2012) *Demographic change and local development: Shrinkage, regeneration and social dynamics*, OECD Publishing, DOI: [10.1787/9789264180468-en](https://doi.org/10.1787/9789264180468-en).

Figure 11 Population 65+ as a ratio of total population

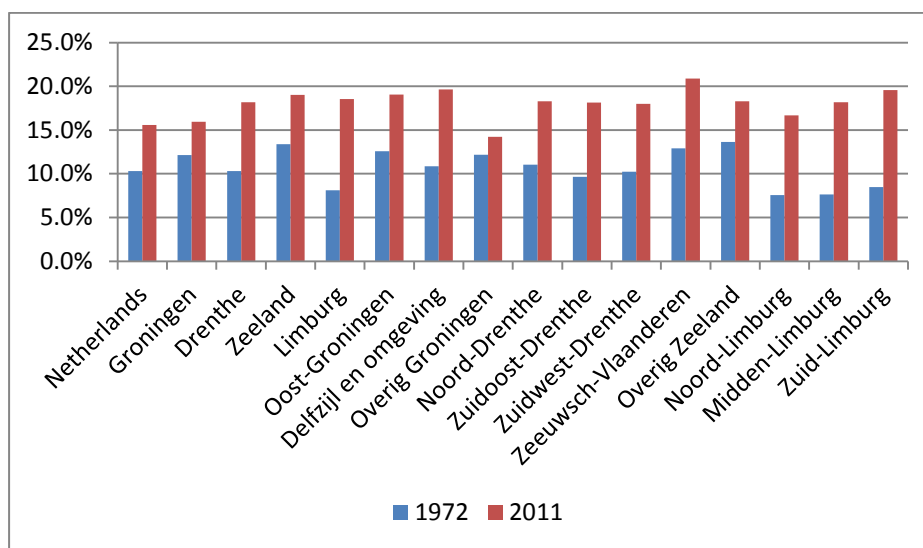
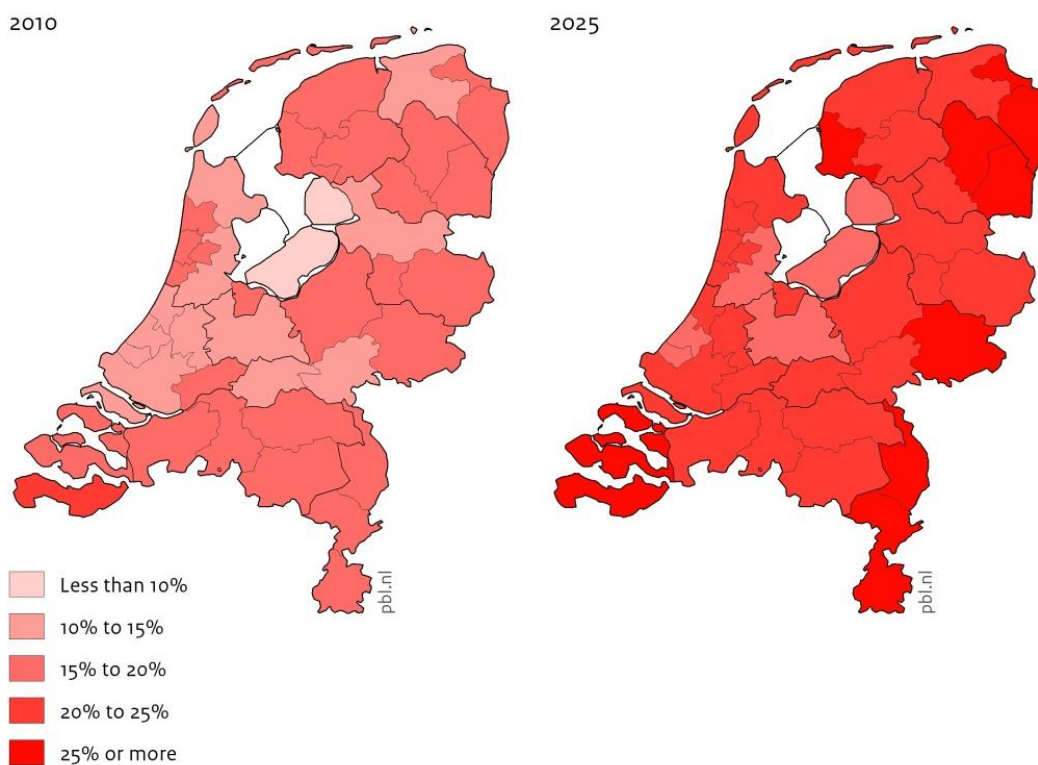


Figure 12 Share of the population aged 65 and over, per COROP area (NUTS III)



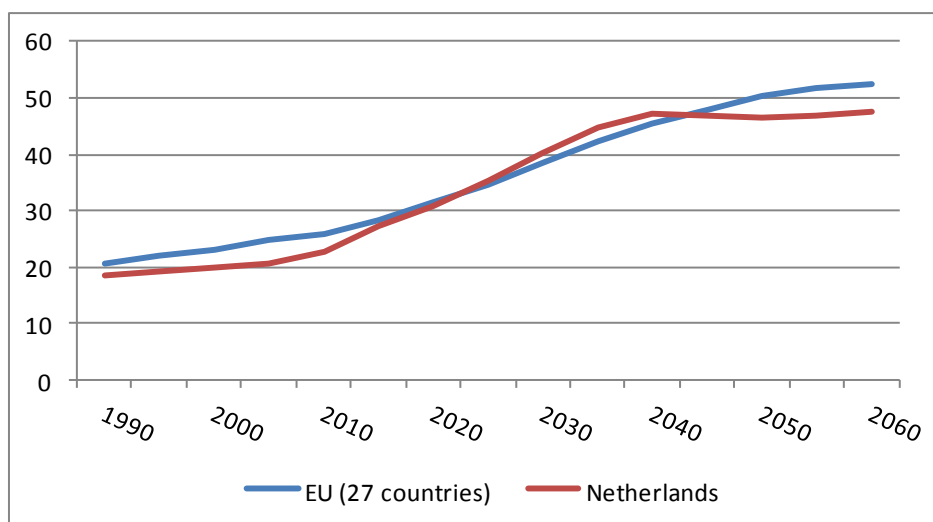
Source: CBS/PBL 2011<sup>9</sup>; De Jong and Van Duin 2011, p.11<sup>10</sup>

<sup>9</sup> PBL and CBS (2011), *Regionale bevolkings- en huishoudensprognoses 2011-2040* [in Dutch] [Regional population and household projections 2011-2040], website [www.regionalebevolkingsprognoses.nl](http://www.regionalebevolkingsprognoses.nl), The Hague: PBL Netherlands Environmental Assessment Agency/Statistics Netherlands.

<sup>10</sup> Jong, A. de and C. van Duin (2011), *Regional population and household projections, 2011-2040 marked regional differences* [available on website <http://www.pbl.nl/en/>], The Hague: PBL.

Future shifts can be illustrated by the old age dependency ratio (population aged 65 and over compared to population 15 to 64 years old). This indicator shows how demographic changes may influence pension systems in the future. According to Eurostat data, from 1990, the indicator for the Netherlands has been lower than for EU27. In 2010, the Netherlands' ratio was 22.82 persons aged 65 and over compared to 100 persons aged 15 to 64 years, and for EU27 it was 25.92. But it is forecast that the indicator will be higher for the Netherlands than for EU27 by 2025, when it will reach 35.15 and 34.57 respectively. However, as illustrated in Figure 13, the Netherlands is predicted to dip below the EU27 ratio again by the year 2040.

**Figure 13 Old age dependency ratio (population 65 and over compared to population 15 to 64 years)**



Source: Based on Eurostat data

Increasing participation of older workers in the labour force is intertwined with increasing health and active ageing. According to the Active Ageing Index<sup>11</sup>, overall the Netherlands ranks 5<sup>th</sup> (from the 27 countries in the European Union), below Sweden, Denmark, Ireland and the UK. Within specific component indices the Netherlands ranked 8<sup>th</sup> for employment, 6<sup>th</sup> for social participation, 3<sup>rd</sup> for independent living and capacity for active ageing. However, the Netherlands' score was 38.9% of the theoretical potential for full active ageing engagement of people working or providing skilled inputs, which would make it possible to achieve an improved economy, with increased productivity and lower health care costs (Figure 14). Thus, policy efforts need to be directed towards this end, in areas such as workplace activation, volunteerism, and long-life learning.

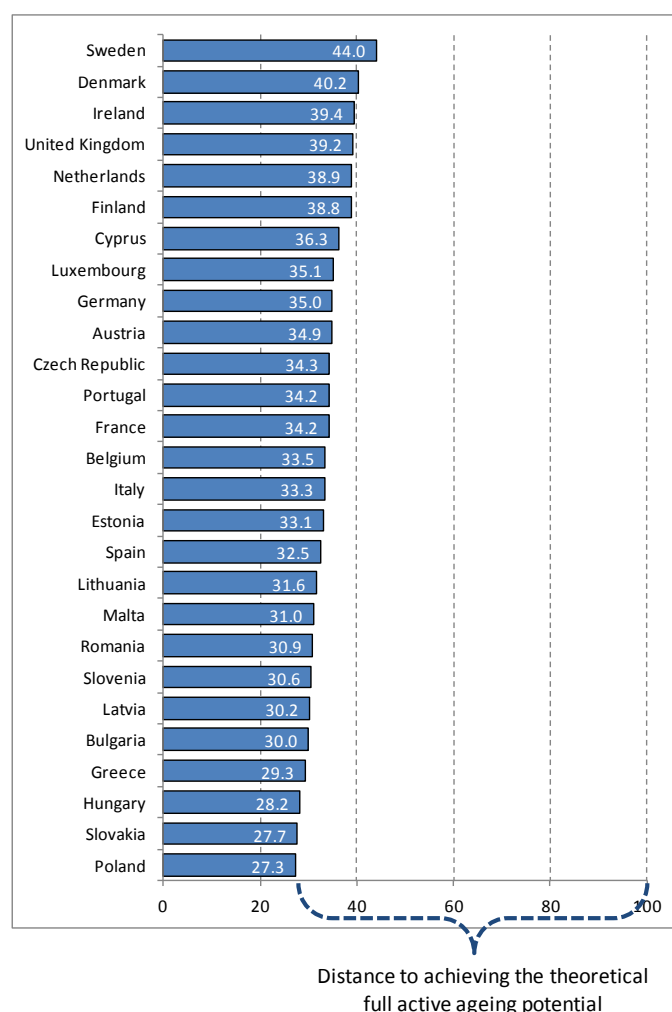
<sup>11</sup> European Commission and United Nations Economic Commission for Europe (2013) *Policy brief: Introducing the Active Ageing Index*, March 2013. According to the document, in order to maintain "... prosperity and social cohesion, mobilising all available human resources is crucial. Policies need to ensure that, as people grow older, they can continue contributing to the economy and society and be able to look after themselves for as long as possible".



### Active Ageing Index

The Active Ageing Index (AAI) was developed by the European Centre for Social Welfare Policy and Research in Vienna. The AAI was constructed from four different domains, with each domain presenting a different aspect of active and healthy ageing. The first three domains refer to the actual experiences of active ageing (employment, unpaid work/social participation, independent living), while the fourth domain captures the capacity for active ageing as determined by individual characteristics and environmental factors. The AAI is a composite index, which means that a number of individual indicators contribute to each of the domains – in total there are 22 individual indicators across four domains. Each individual indicator can be positively interpreted, meaning that the higher the indicator value, the better the active ageing outcome. For example, the more care older people provide for others, the better are their active ageing outcomes. Indicators are weighted individually and then combined within the four domains, thus creating the domain-specific indices. The overall Active Ageing Index is then the weighted average of the four domain-specific indices. The results of the AAI are presented as a ranking of countries by the scores achieved in the overall AAI and in the domain-specific indices. The rank order of countries differs across domains. The rank of each country in the AAI is determined by the score it has obtained in the four domains and in the overall index. Individual country scores show the extent to which its older people's potential is used and the extent to which they are enabled to participate in the economy and society. The theoretical maximum for the index is assumed to be 100, currently none of the countries is coming anywhere near this maximum. In fact, were they to be near this maximum, it would imply a much higher life expectancy and an unrealistically high participation of older people in the economy and society. Thus, the index is constructed in such a way that not even the best-performing countries will hit the ceiling of 100. As a result of this methodological choice, current top performers like Sweden or Denmark are only around the 40-mark. Improvements are possible even for the top performers, but obviously, 100 would not be a realistic present-day goal.

*Source:* European Commission and United Nations Economic Commission for Europe (2013)<sup>12</sup>

**Figure 14 AAI results across EU27 countries**

Source: European Commission and United Nations Economic Commission for Europe (2013)<sup>12</sup>

### Addressing labour force decline in peripheral areas

As illustrated in Figure 15, employment rates have risen considerably in the past 15 years in the Netherlands from 58.7 in 1996 to 67.2 in 2011. In general, Zeeland is very close to the Dutch average of 67.2; Drenthe and Limburg are slightly lower (64.7); while Groningen is substantially behind (60). The participating provinces show similar rising trends, but fluctuations throughout the years are different. Groningen and Drenthe seem to show sharper fluctuations (positive and negative) than Zeeland and Limburg. At the NUTS III (local) level, the picture is varied, revealing some shrinking areas, which have the lowest participation rates (Oost-Groningen, Zuidoost Drenthe, Zuid-Limburg), while others approach the national average (Zeeuws-Vlaanderen, Noord-Limburg). Delfzijl stands out because of the large increase in its employment rate (Figure 16).

<sup>12</sup> Commission and United Nations Economic Commission for Europe (2013) *Policy Brief: Introducing the Active Ageing Index*, March 2013. The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the “Cyprus” issue.

Figure 15 Employment rate (1996-2011)

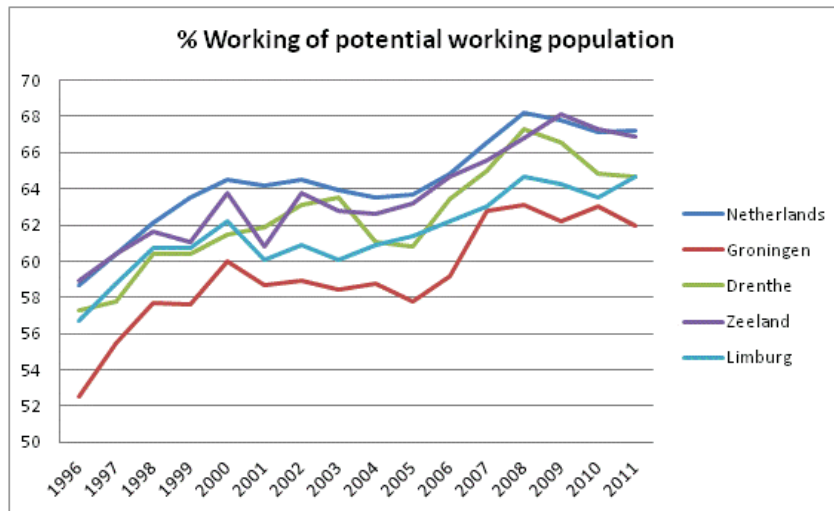
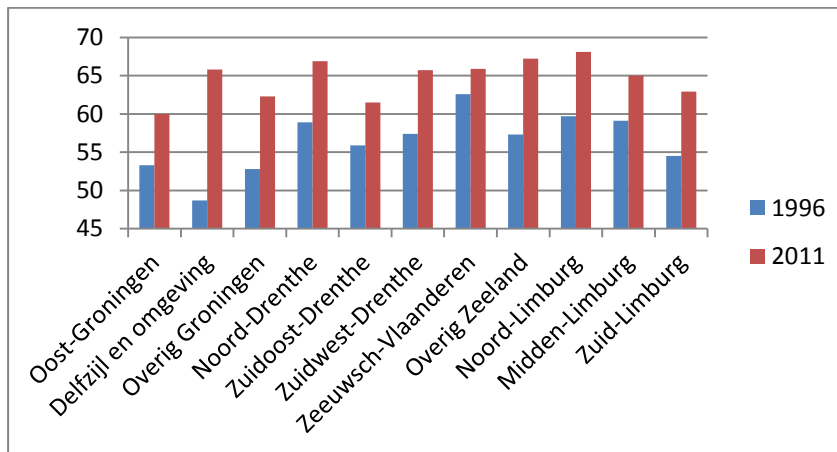
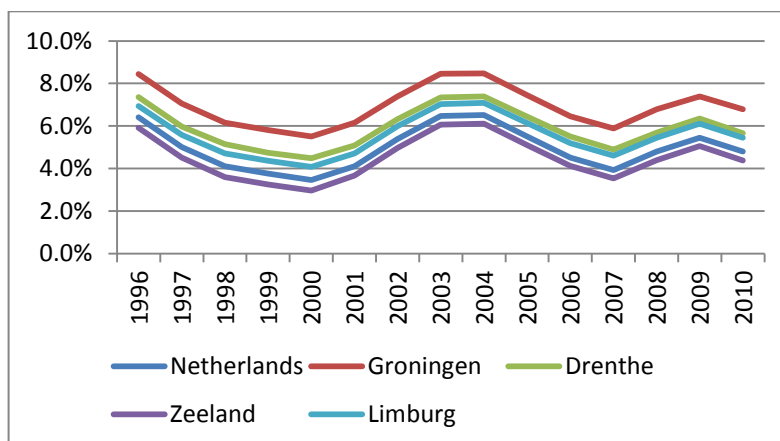


Figure 16 Employment rate in NUTS III (local) regions (1996 and 2011)



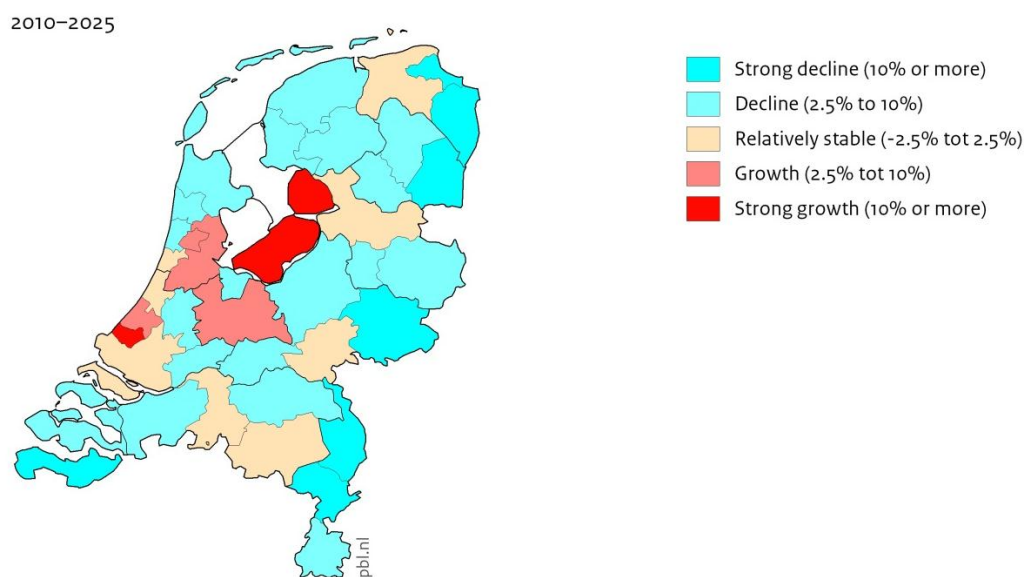
Unemployment rates in the Netherlands have fluctuated between 3% and 6% from 1996 through to 2011. Groningen stands out because it has the highest unemployment rate (6.8% in 2010), followed by Drenthe and Limburg, which were consistently above the national average - only Zeeland was below (Figure 17).

Figure 17 Unemployment rate 1996-2011)



At a regional level, the decrease in the potential labour force is widespread.<sup>13</sup> In 2010, 24 of the 40 NUTS III (local) areas experienced a decrease in the potential labour force.<sup>14</sup> According to the regional projections,<sup>15</sup> the potential labour force is expected to decrease in almost all NUTS III areas before 2040. *Peripheral regions in particular, among which the case-study regions are included, are expected to face a severe decline in the potential labour force.* This applies in particular to the Delfzijl region, with an expected decline of over 20%, and Zeeuws-Vlaanderen, east Groningen, south-east Drenthe, north Limburg and mid-Limburg, with a decline of 10% to 20%. For south Limburg, the expected decline is just below 10% up to the year 2025<sup>16</sup> (Figure 18).

**Figure 18 Potential labour force levels (retirement age 65) per COROP area (NUTS III), 2010–2025**



Source: PBL/CBS 2011<sup>17</sup>; De Jong and Van Duin 2011, p.10.<sup>18</sup>

<sup>13</sup> See footnote 11.

<sup>14</sup> Verwest, F. and F. van Dam (2010), *From combatting to managing: Demographic decline in the Netherlands. Policy strategies for current and future shrinking regions* [English translation of the summary of the Dutch report 'Van bestrijden naar begeleiden: demografische krimp in Nederland. Beleidsstrategieën voor huidige en toekomstige krimpregio's is available on website <http://www.pbl.nl/en/>], The Hague: PBL Netherlands Environmental Assessment Agency.

<sup>15</sup> See footnote 10.

<sup>16</sup> See footnote 9.

<sup>17</sup> See footnote 10.

<sup>18</sup> See footnote 11.

## SMART STRATEGIES IN PERIPHERAL REGIONS NEED TO CONTINUE THROUGH CO-ORDINATED NATIONAL-LOCAL POLICY RESPONSES

Demographic and economic decline is more likely to occur in peripheral regions with a mono-functional economic structure. Central urban regions with a diverse economic structure and/or regions with large sectors such as business services, industry or logistics, seem to be less vulnerable to demographic and economic decline. Territorial population decline and population ageing has and will continue to have social and economic consequences for national, regional and local labour markets. These include:

- *A decreasing potential labour force*, due to the declining numbers of youth and stagnating working age population, leading to a dwindling labour supply, a tight labour market and more competition over workers, or even labour shortages<sup>19</sup>.
- A decrease in industrial activity and business vitality as firms relocate or reduce activities from shrinking regions to growing regions because of labour market issues.
- *A decrease in the population* and the number of households implies a smaller local market and may lead to an oversupply of services and housing. Such a surplus in housing may in turn result in vacant properties.
- *Local services (e.g. infrastructure, transport, care) will become more expensive*, as demand in shrinking regions is expected to increase due to the ageing population, with a simultaneous decrease in labour supply<sup>20</sup> and eroded tax-base as the population declines.
- *Skills ecosystems weaken* as the private sector and skilled labour force are reduced.

Strategic solutions must encompass both local and regional capacities to attract and generate jobs within the national and economic contexts.

Demographic changes such as localised population decline, population ageing and migration are key changes in the demography of the Netherlands and particularly in the study regions. A negative economic situation may increase outward migration. A decrease in the labour force may also lead to a decrease in job growth which, together with an ageing population, could prompt firms to leave shrinking areas and re-establish in growing regions. For localised shrinkage and population ageing, efforts should also focus on encouraging the existence of personal networks and personal attachment to the area.<sup>21</sup>

<sup>19</sup> See footnote 14; Verwest, F. (2011), *Demographic decline and local government strategies. A study of policy change in the Netherlands*, Delft: Eburon; and Euwals, R., K. Folmer, T. Knaap and M. Volkerink (2009), 'Bevolgingskrimp en de arbeidsmarkt' [in Dutch] ['Population decline and the labour market'], in: N. van Nimwegen and L. Heering (red) (2009a), *Bevolkingsvraagstukken in Nederland anno 2009. Van Groei naar krimp. Een demografische omslag in beeld [Population issues in the Netherlands in 2009. From growth to shrinkage. A demographic change]*, Amsterdam: KNAW Press, pp.145-162.

<sup>20</sup> See footnote 14.

<sup>21</sup> Musterd, S. & A. Murie (2010) (Eds.) *Making competitive cities*. Oxford: Wiley Blackwell; and Musterd, S. & Z. Kovacs (2013) (Eds) *Place-Making and policies for competitive cities*. Oxford: Wiley Blackwell.

These differences in demographic situations require a territorial analysis so that regional and local perspectives on policy preparation, development and implementation are co-ordinated with national policy efforts. The need is for holistic, but customised solutions, which respond to the specific needs of the local labour market, individual company or person, based on national/regional/local partnerships. The national-local axis requires systematic consideration for policy delivery. Due to socio-economic differences, regional systemic and sustainable strategies should firstly be explored, then developed, implemented and reviewed, focusing on the key aspects that make the region unique. Essential measures for a strategic framework that provide the starting point and guidance for future projects and initiatives for each region include:

- a. *Developing regional networks for local action* in order to establish national and regional provincial policy support for demographic transition, and to raise the awareness of local authorities and businesses of the impact this will have on the labour market and economy.
- b. *Strategies that are place-based and highly contingent on context* (instead of place neutral). These should consider economic, social, political and institutional diversity in order to maximise both the local and the aggregate potential for economic development.
- c. *A territorial approach* that takes into account the demographic diversity of shrinking and predicted potentially shrinking municipalities. Policies should anticipate and managed demographic decline rather than combat it<sup>22</sup>. Municipalities, as well as the business community, should manage with less people; support people and families who want to stay; and provide a living environment that continues to appeal to existing (and potential new residents); in particular, those in the 20 to 65 age group, in order to maintain (and potentially increase) the labour force. Local communities should be made aware of not only the challenges, but also the opportunities inherent in local shrinkage, through education campaigns and raising awareness of innovative thinking and options.

#### Innovative awareness

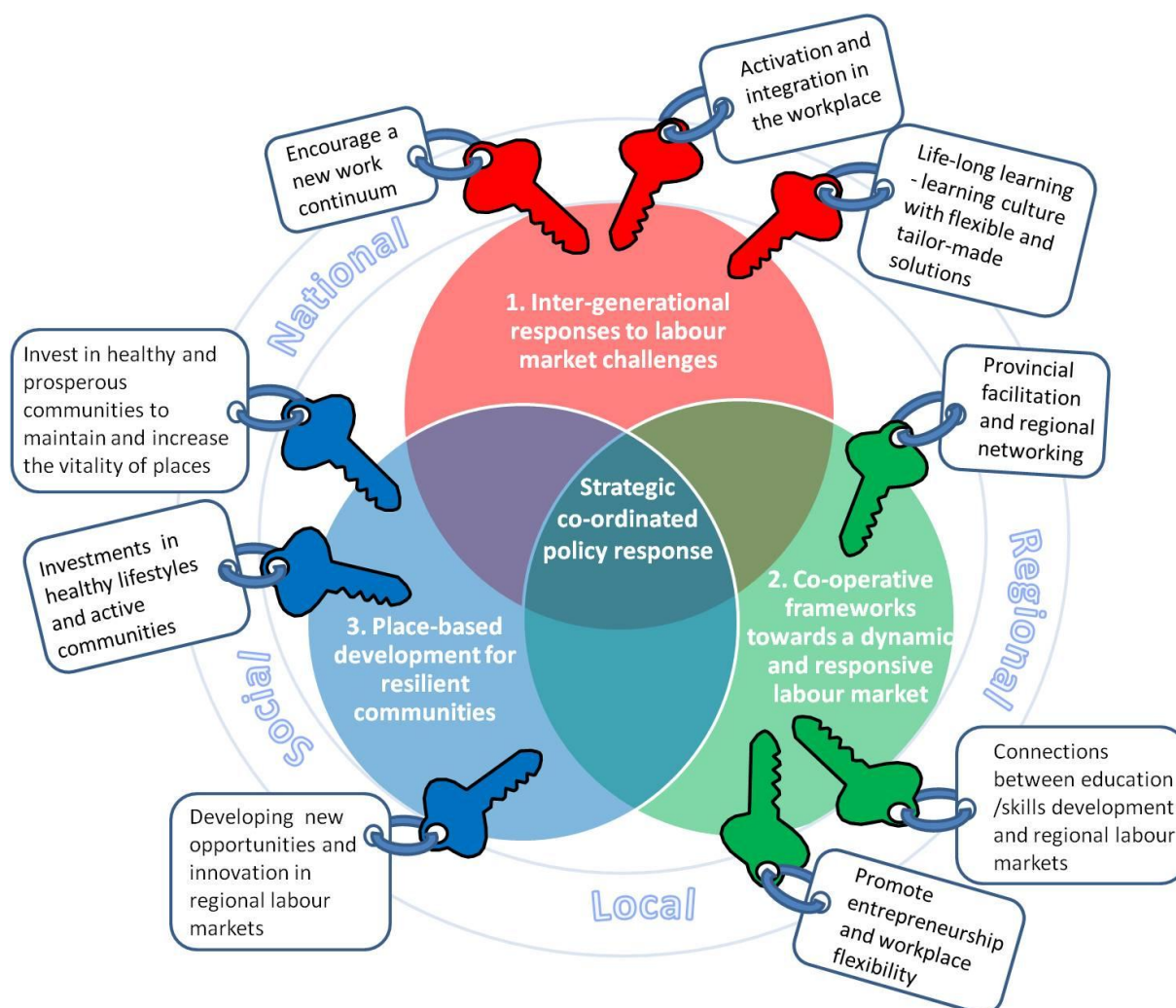
'Leve de Krimp!<sup>23</sup> is a methodology based on an alternate reality game. The game raises awareness of the effects of depopulation on the daily lives of inhabitants in shrinking regions. Current inhabitants are the most important stakeholders in shrinking regions. The game stimulates a sense of ownership and encourages people to start taking action. The methodology is based on current wins and potential options in shrinking areas with smart connections being made between streams, such as knowledge, energy, materials, services and money. The collective intelligence of the community in a shrinking region is thus mobilised and ideas arise that are supported from the bottom-up. In this way, the quality of life within a shrinking region can be kept high – or even made higher – despite a quantitative decrease in inhabitants. A pilot was implemented by the game developers in the Achterhoek, a region in the east of Holland, which is facing anticipated depopulation. In the pilot (played by three inhabitants over a week and a half), players imagined themselves living in the year 2039. The game created awareness of the effects of population shrinkage and the players thus became motivated to develop ideas and solutions. "Let's Shrink!" ('Leve de Krimp!') consists of a generic portion of the game, and a specific portion. The generic part is the framework of the game, which can be applied to different regions that are experiencing depopulation and ageing. The specific portion is the option to shape the content of the game to match the culture, mentality and relevant themes within a shrinking region. For the next stage of the project, Studio Papaver has a partnership vision, in which a combination of partners with a strong interest in the generic portion of the game (such as ministries and European programmes), are combined with partners that have a strong interest in the specific part (such as local organisations and private parties). The next step would be to undertake a larger pilot and then fine-tune the game and disburse it for real-world application.

<sup>22</sup> See footnote 14.

<sup>23</sup> The title 'Leve de Krimp!' could be translated as 'Let's Shrink', it has a positive tone to it. Most of the time the subject of depopulation and shrinkage is labeled as something very negative. 'Leve de Krimp!' focuses on an increase of quality parallel to a decrease of quantity.

Figure 19 illustrates three interconnected policy themes that are vital for regional labour markets attempting to manage a shrinking and ageing society: (1) intergenerational responses to labour market challenges; (2) co-operative local frameworks towards a dynamic and responsive labour market; and (3) place-based development strategies for resilient communities.

Figure 19 Netherlands' demographic transition strategic areas



### Develop inter-generational responses to labour market challenges

There is a tendency for older workers to retire relatively early, either due to attainment of retirement age or a preference to stop working. The Dutch government is in the process of raising the retirement age to 66 by 2018 and to 67 by 2021<sup>24</sup>. Although this will increase labour participation among the older age cohorts, it will not fully compensate for the expected decline in the potential labour force<sup>25</sup>. Nevertheless, the raising of the retirement age will place less pressure on national old age entitlements and encourage longer and more active working lifestyles. Other reasons for older workers leaving the workplace are: the

<sup>24</sup> VVD and PvdA (2012), *Bruggen slaan. Regeerakkoord VVD-PvdA* [in Dutch] ['Building Bridges', *The new coalition agreement between the VVD (People's Party for Freedom and Democracy) and the PvdA (Labour Party)*], 29 October 2012, The Hague.

<sup>25</sup> Commissie Bakker (2008), *Naar een toekomst die werkt. Hoofddlijnen Advies Commissie Arbeidsparticipatie* [in Dutch] [*Towards a future that works. Highlights of the Advisory Committee on Labour Participation*], [commissioned by the Minister of Social Affairs and Employment], Rotterdam: Commissie Arbeidsparticipatie; see Footnote 19; and ESPON and NIDI (2010), *DEMIFER Demographic and Migratory Flows affecting European Regions and Cities*, Luxembourg: ESPON and NIDI.

increasing competition from younger and better educated people; the widespread use of technology; and unsupportive work cultures and behaviours. Encouraging companies to implement age management practices, such as flexible working hours, opportunities for older workers to update their skills, and better health and/or safety programmes would encourage older workers to stay within the working environment. Examples of specific measures are:

- a. Encourage a new work continuum ranging from full-time to part-time within the employment options for companies, governments and other sectors so as to extend the length and variety of and engagement in working-life, leading to longer employment and increased productivity for people across all sectors. This will extend the working age while allowing people to meet the requirements of family, community and other engagements that in turn improve personal, family and community health. Inter-generational engagement in changing working conditions needs to also be taken into account.

### Facilitating work after retirement

Governments can play a role in facilitating work after retirement by shaping labour markets, equal opportunity and social protection policies, as well as tax and benefit systems. For example, in Sweden, employers are exempt from payroll taxes for all employees over the age of 65. A pilot scheme in Italy offered workers who were about to retire the possibility to postpone retirement by three years, and add employer and employee social security contributions to their income. Companies can also play a role, with measures aimed at attracting and retaining pensioners. Examples include the Ship Design and Research Centre in Poland, where 7% of its employees are retirees. Most of these people have expertise that the company does not want to lose. As pensions in Poland can be low in comparison to the increasing cost of living, work has become a necessity for many, even for the relatively well-off. A recent national law, however, requires pensioners to resign and re-apply for their jobs in order to continue receiving a pension in addition to their working income. For some this might mean the end of their employment. Some companies also specifically recruit older workers. One example is Seniorjobbarna in Sweden, which conducts agency work in areas such as crafts, cleaning and gardening. Another is the Austrian Senior Expert Pool, which provides consultancy services, mainly in management or highly specialised technical areas. In both cases, the option of working part-time and with flexible working hours was considered crucial in attracting and retaining retirees.

Source: European Foundation for the Improvement of Living and Working Conditions (2011)<sup>26</sup>

**The Senior Enterprise project**<sup>27</sup> aims to raise awareness about how the over 50s can engage with enterprise and the benefits that can flow from that engagement. This could be through: starting a business, either alone or with others; acquiring or investing in a business; advising an entrepreneur; or supporting innovation within a business owned by another. The four-year project (2010-14) is a response to the challenge of ageing populations in Europe. The change in demographics is viewed in an almost entirely negative light by many people, but the promoters of Senior Enterprise believe that the over 50 age group is a source of untapped potential that could be used to drive forward Europe's national economies. It is intended that as a result of Senior Enterprise, more businesses will have been started, more investment will have been made and more senior citizens will be active as advisors in new and developing businesses. The project is being implemented by partners in Ireland, the UK and France, and nine observers across north-western Europe.

### **PATRON Project**<sup>28</sup>

This Grundtvig project identifies and tests ways to transfer the skills that senior managers and entrepreneurs have developed throughout their working lives, which have helped them to develop their creativity, competitiveness, management and entrepreneurial capacities. Young entrepreneurs and managers in the participating countries and regions benefit from this skills transfer. The methods and results are disseminated through the project's website, so they can be used in other participating regions.

For details: <http://www.patronproject.org>.

<sup>26</sup> European Foundation for the Improvement of Living and Working Conditions (2011) *Living longer, working better – Work after retirement*, <http://www.eurofound.europa.eu/pubdocs/2011/663/en/1/EF11663EN.pdf>.

<sup>27</sup> <http://europa.eu/ey2012/ey2012main.jsp?catId=975&langId=en&mode=initDetail&initiativeId=785&initLangId=en>.

<sup>28</sup> <http://www.age-platform.eu/en/age-policy-work/solidarity-between-generations/best-practices/985-employment>.



- b. Identify and implement programmes to re-position workers (older and younger) who are un-(or under) employed, especially lower skilled workers, in a concerted effort to encourage their engagement and integration into the workplace (job carving<sup>29</sup>) and to connect older with younger workers in the workplace. Incentives for continuing to work after age 60, as well as social security systems that are designed to promote working late in life need to be developed, including creating new roles within companies for workers in their later life.

### Examples of strategies for engagement and integration into the workplace

#### Older Workers

In Germany, *Perspective 50 Plus –Employment Pacts for Older Workers in the Regions*, is part of the *Initiative 50 Plus* programme under the German Federal Ministry of Labour and Social Affairs<sup>30</sup>. A programme of regional employment pacts was launched to initiate and evaluate new strategies targeting older workers. Those supported are predominantly among the low- or semi-skilled long-term unemployed. Job centres and local authorities find the engagement and integration of older workers particularly difficult, and these regional employment pacts aim to involve all appropriate regional and local actors in order to ensure more and better employment for this group. This form of regional co-operation takes a cross-sector approach including: the labour market; employment; and social and health policies. Regional pacts have deployed a wide range of different tools and instruments, including profiling, assessments, special training measures, internships in companies, placement activities (adapted to the special needs of the target group), wage subsidies for employers, time management, and publicity campaigns to raise awareness of the challenges of demographic change.

#### Job Carving

Canada's WORKink®<sup>31</sup> is an online career development and employment portal for people with disabilities, however, it can be applied to people who are unemployed or lower skilled. The portal describes the values of 'Job Carving' (or creating roles), thus 'structuring one or more jobs to make the best use of all employees' skills and abilities'. To implement successful job carving practices it is important to consider:

- Changes in supervision requirements, such as more frequent instructions and guidance.
- Alternative methods of conveying job instructions and adding new tasks.
- Co-worker involvement and support.
- Involvement of a community agency that works with employers to define roles, assist in training employees and ironing out some of the initial details.
- Job or work experience with defined time parameters.
- Staying positive. Being prepared to deal with some co-workers' negative perceptions about "make work" projects and short-term limited opportunities.

#### Centrica: Age management policy (UK)<sup>32</sup>

Centrica, a large-scale UK gas supplier, is attempting to encourage age diversity among its labour force by setting up various measures such as the Age Action Group, which brings together the managers of various sections to see how they as a group can best meet the needs of their ageing work force. With this in mind, they have developed an awareness-raising programme on age management with flexible working conditions, a network of staff members with family obligations, teams of different ages and potential for mentoring. They feel that the age mix helps staff members in these groups with different ages to be mutually enriched.

<sup>29</sup> Job carving is a term for customising job duties, such as creating specialist job roles that free up the time of specialist staff, or swapping job duties to make the most of individual skills (<http://base-uk.org/employers-recruitment-jobcarving>).

<sup>30</sup> <http://www.forumpartnerships.zsi.at/attach/germany2.pdf>.

<sup>31</sup> WORKink® <http://www.workink.com/articles.php?prID=2&pgID=8&art=1191>.

<sup>32</sup> <http://www.age-platform.eu/en/age-policy-work/solidarity-between-generations/best-practices/985-employment>.

- c. Foster life-long learning to stimulate competitiveness, because economies now depend on value that is added from the entire workforce. Regional firms need to invest in and improve their learning culture, with flexible and tailor-made training and skills development programmes, not only for new employees, but also for the older workforce. These programmes will promote intergenerational workforce skill linkages, such as master-apprentice relationships. To increase entrepreneurship or self-employment, educational programmes and business coaching should be promoted wherein the skills of older people are transferred into new opportunities.

### Examples of life-long learning

#### Genial - Generations at the workplace (Austria)<sup>33</sup>

Demographic change will require enterprises to take more social responsibility and to open up resources for older employees to stay in the market. In turn, this will require employees to invest in their own abilities, competencies, and health. The Genial project of the Austrian provincial government supports these needs by assisting employees to develop their work-life balance in order to maintain their health, but also tries to elicit more individual responsibility for life-long learning through to an advanced age, staying open-minded about new technologies, and achieving a different attitude towards ageing.

Genial is based on three pillars:

- *Public relations* and awareness raising.
- *Specific projects* realised in companies.
- *Network building* to exchange experiences and develop new measures and instruments to support the process.

The project also enables enterprises to better understand and deal with the human capital they can generate, while enhancing the work experiences of older employees. The portfolio of activities is comprised of specific ageing analyses, work ability indices, specific support for putting concrete activities in place, and more.<sup>34</sup>

Within the framework of the project, the 'Qualification Association Genial'<sup>35</sup> was founded, offering qualifications in health and work-ability issues, seminars for managers (e.g. on modern, more motivationally oriented leadership), and content related issues. Currently, the Qualification Association Genial has 7 member companies and has delivered 20 measures to approximately 230 people between March and July 2012.

#### Intelligent personnel management for logistics (IPL)<sup>36</sup>

The pilot project IPL, funded by the Ministry of Labour, Social Integration and Welfare in North Rhine-Westphalia and the European Social Fund, focuses on improving human resource management. Approaches to implementing life-long learning as a component of demographically sensitive human resources work were generated from the results of the IPL project.

- Promoting vocational education and training:
- Additional training for people with immigration backgrounds
- Part-time training
- Dual higher education study programmes in logistics.

<sup>33</sup> Förschner, M., *Partnership strategies for demographic change and ageing: Lessons learnt from a Study Visit to the Province of Carinthia, Austria, in October 2012*, OECD/LEED.

<sup>34</sup> Genial: <http://www.genial.or.at>.

<sup>35</sup> Qualification Associations are instruments of active labour market policy whereby one or more large companies, together with a number of smaller companies within a region, engage in common qualification measures for their staff. Often companies within the same field and geographical area have the same needs regarding qualifications, but it is too complicated and expensive for single organisations to undertake alone. Qualifications Associations are supported by the AMS and the ESF, and receive higher funding if they offer measures for older workers.

<sup>36</sup> CEDEFOP (2012), *Working and Ageing: The benefits of investing in an ageing workforce*, Publications Office of the European Union, Luxembourg.

- Further qualification of older workers in warehouse management and professional driving.
- Mixed-aged teams – designed to retain the knowledge and experience of older workers within companies, to foster intergenerational learning, and to prevent the development of age-specific stigmas among employees.
- On-the-job training.
- Job rotation schemes and mixed work.
- Employee discussions on specific topics.

#### CVET, Germany<sup>37</sup>

German citizens also participate in CVET (Continuous Vocational Education & Training), which includes among other areas, re-training, qualification upgrades, second-chance opportunities for adults to complete school leaving certificates, university entrance preparation, specialist training, foreign language instruction, and political education. CVET in Germany then includes further unregulated in-house training, and further regulated training (for example, the achievement of Meister and specialist or technician-level qualifications). These qualifications and programmes are also associated with federal regulations for further training. However, state governments also play a role in supporting continuing education that leads to qualifications. A constituent element of the institutionalised system of CVET is provider plurality. This diversity of providers of CVET enables a variety of activities to be offered, which cover a very large spectrum in terms of both content, and organisation and methodology.

### Strengthen national-local alignment and co-operative frameworks to create a dynamic and responsive labour market

Central governments are no longer the sole provider of territorial policies. Shrinking areas require a coherent policy response from national and local governments to maintain existing jobs, generate new employment, and protect vulnerable households. National, regional and local levels of government need to align their various strategies in order to develop a consistent direction to meet development objectives, leverage economies of scale, and reap the dividends of joint initiatives that share knowledge and reduce operational overheads. Improving the policy coherence between national and local levels of government (vertically) and co-ordination across different ministries (horizontally) can significantly increase the effectiveness of programme delivery and the quality of services provided. The interests of the national and local governments may not always be in harmony. National considerations, such as increased gross domestic product or improved foreign exchange flows, may not always mesh with local government's concerns, such as local job creation, infrastructure development and social protection programmes. National and local governments need to harmonise development objectives (e.g. enhanced rural access) to avoid redundant programmes and heighten the effectiveness of programmes occupying shared geographic and technical space (e.g. environment). Identification of conflicting national-local objectives (e.g. the planning of rural roads for extractive industries rather than for improving market access of remote rural producers) can result in a national-local dialogue that can lead to the development of an innovative win-win situation<sup>38</sup>.

<sup>37</sup> <http://www.eqavet.eu/gns/what-we-do/implementing-the-framework/germany.aspx>.

<sup>38</sup> OECD (2011) *Job-rich growth in Asia. Strategies for local employment, skills development and social protection*. OECD-ILO.

### Opportunities and challenges for effective harmonisation of national-local strategies<sup>39</sup>

There are significant *opportunities* for local strategies to play a deciding factor in the success of national social and economic programmes. The core advantages of including a local dimension into a national strategy are manifold. Key gains are:

- greater flexibility to changing local opportunities and challenges
- improved utilisation of scarce resources through better targeting
- greater support for longer term, national strategic plans through leveraging quick wins.

The harmonisation of national-local strategies, and inter-ministerial co-operation can yield significant efficiency dividends. A successful alignment and division of roles hinges, naturally, on the effective degree of decentralisation. Several *challenges* may impede government synchronisation and policy alignment:

- local government's priorities do not coincide with national priorities
- lack of experienced local managers or technical experts to address new local mandates
- limited local financial space, which restricts local government's ability to mobilise resources for their initiatives.

Examples of specific measures are:

Encourage horizontal integration and vertical alignment of policies by promoting co-operative frameworks and regional co-ordinated approaches, such as territorial employment pacts, which are innovative networks that provide an institutional framework and commitment for regional networks targeting employment strategies.

### Territorial Employment Pacts<sup>40</sup>

Employment Pacts were initiated in 1997 by the European Commission, with a call for submission of projects under a 'territorial employment pacts' initiative to improve the employment situation. The local pacts for employment are formed as multi-level partnerships between entities of key significance for local labour markets. Local governments can play a leadership role in elaborating strategies for active intervention on the local labour market together with local partners. The Barcelona Employment Pact, and the Austria Employment Pacts exemplify the different dimensions of the governance arrangements for employment (often supported by structural funds).

#### Territorial Employment Pact in Vienna

The Employment Pact in Vienna began its formal co-operation in 1999 and is a partnership between the Municipality of Vienna, the Public Employment Service, the Wiener ArbeitnehmerInnen Förderungsfonds - WAFF (Vienna Fund for the Promotion of Employees), Federal Social Welfare Office – Vienna Regional Office, and interest representatives of employers and employees (working group of the federal province). The objective is to support economic development and the development of employment policies of Greater Vienna with forward-looking, concentrated labour market interventions. The core function of the Pact is to co-ordinate co-operation and to harmonise the strategic and operative labour market and employment policies in Vienna. Its functions are facilitation of co-ordination, collaboration and co-decision in order to improve employment. These activities are based on joint programme development and on financial co-ordination of the three key partners: the Vienna Fund for the Promotion of Employees; the Public Employment Service; and the Federal Social Welfare Office. The Pact has two special focus areas: youth, who require support in the transition from school to training; and people at risk of being permanently excluded from professional life. The labour market and employment policies are linked to other policy areas (social, economic and education). The Pact also has a trans-national co-operation project with Bratislava.

<sup>39</sup> See footnote 38.

<sup>40</sup> OECD (2011). More and better jobs: Employment Pacts' experience and business strategies. OECD-LEED Seminar, Barcelona; and Martinez-Fernandez, M., Chorazy, P., Weyman, T., and Gawron, M. (2011) *The territorial Dimension of the European Social Fund: A local approach for local jobs*, OECD, Paris.

**Barcelona Employment Pact<sup>41</sup>**

The Barcelona Employment Pact is a partnership agreement between the City Council of Barcelona, Comissions Obreres (Trade Union) of Barcelonès, the UGT (Trade Union) of Catalonia, Foment del Treball (The Department for the Promotion of Work), PIMEC (the organisation for promoting SMEs) and the Government of Catalonia, which defines and agrees the framework and priorities for developing active employment and local development policies in the capital of Catalonia. It constitutes a long trajectory of social co-ordination in the city of Barcelona as manifested in previous Agreements for Employment of Barcelona signed in 1997, 2001, and 2003.

The aim of the agreement is to promote a quality and inclusive labour market, with a high level of productivity, and one that generates professional opportunities for everyone. The agreement is committed to the economic growth of the city of Barcelona, which incorporates more added value and innovation, and which allows the reaching of high levels of competitiveness, welfare, and social and territorial cohesion. Effectiveness of the strategy relies on the commitment and inclusiveness of the partnership.

With the population ageing, inactivity of older age groups in the workplace will increase the strain on social security and pension systems. According to the EU and OECD<sup>42</sup>, “few older people are involved in entrepreneurship, particularly women, and their enterprises tend to be less growth oriented than firms of younger entrepreneurs. [However] ... there is a growing population of healthy older people with the skills, financial resources and time available to contribute to economic activity through extending their working lives, including through entrepreneurship”. According to a 2009 Eurobarometer Survey on entrepreneurship, 68.2% of prime aged (20-49 years) people never thought about starting a business and this figure jumped to 86.2% of older people (50-64 years). While 14.6% of prime aged people were thinking about starting a business, this dropped significantly to only 3.6% of older people. 17.3% of prime aged people, and 10.3% of older people, are involved in early stage start-up activities. Therefore, “...the older an individual gets, the less likely they are to take action on their entrepreneurial intention because they have less time left to enjoy the benefits that the business generates. This suggests that the bulk of those seriously considering starting a business has already taken action and that policy should focus on increasing interest and awareness about entrepreneurship in the third-age before people get there.”<sup>43</sup>

Promote entrepreneurship and workplace flexibility by designing strategies for new work-ecologies incubators, entrepreneurship education, skills development in SMEs and the development of senior entrepreneurs.

<sup>41</sup> Martinez-Fernandez, M., Chorazy, P., Weyman, T., and Gawron, M. (2011) *The Territorial Dimension of the European Social Fund: A Local Approach for Local Jobs*, OECD, Paris.

<sup>42</sup> European Union and OECD (2012), *Policy Brief on Senior Entrepreneurship: Entrepreneurial Activities in Europe*, Publications Office of the European Union, Luxembourg.

<sup>43</sup> See footnote 40.

Senior Entrepreneurship – policy focus examples<sup>44</sup>

**The policy focus** should be on the factors that influence an older person's decision to enter self-employment:

*Promote the benefits of entrepreneurship*

The Grundtvig project supports several initiatives on active learning by adults, including 'Superact'. This is a project funded by the European Regional Fund INTERREG, which promotes personal stories about older entrepreneurs with disadvantaged backgrounds in order to promote entrepreneurship to other older entrepreneurs with non-mainstream backgrounds.<sup>45</sup>

*Improve entrepreneurship skills through training*

The Business and Innovation Centre in Slovakia is a private organisation that serves older people and supports the creation of business start-ups with advice, education and start-up financing<sup>46</sup>. The "fe:female" scheme is an EU-wide network in the UK, Cyprus<sup>47</sup>, the Netherlands, Italy and Malta, which provides assistance to female entrepreneurs, particularly those over 50, ethnic minorities, lone parents or long-term unemployed. The "fe:female" network provides training, advice and mentorship by other female entrepreneurs to help participants develop entrepreneurship skills so that they can start businesses. The website also aims to provide a virtual support network and information source for participants.

*Develop and support networks*

The United States has had an entrepreneurship scheme for decades. Starting as the Service Corps of Retired Executives, now simply known as SCORE, the scheme was launched to provide business advice to former military officers. The scheme has grown and currently serves the wider population. Certain groups are targeted, such as people over 50, but the services are not tailored for different segments of the population. SCORE helps entrepreneurs find mentors through an online database and can help facilitate face-to-face mentorships. It provides training and workshops through local associations and actively seeks older entrepreneurs to serve as volunteers to provide mentoring services, and to deliver workshops and training.

*Improve access to finance*

The Mature Entrepreneur project in Poland is another example. This scheme aims to support entrepreneurship among those over the age of 50 in order to help them remain in, or re-enter, the labour market through self-employment. Participants receive grants of up to 40 000 PLN to help them start a business, and also receive training and business advice. Participants are also equipped with bridging support (7500 PLN for a half-year period) to cover the running costs of the new business. The unique aspect of this project is that the employment office made a television series about the project's participants to help promote entrepreneurship among older people.<sup>48</sup>

*Ensure there are no disincentives for entrepreneurship in social support systems*

Sweden has recently undertaken new policy actions to reduce sick leave contributions for all self-employed workers and guarantee them covered leave for seven days (European Commission, 2010). This makes self-employment more attractive for older people because the insurance costs less and there is a guaranteed minimum coverage.

Regional labour markets require a skilled workforce. A decrease in the potential labour force does not automatically result in lower unemployment, but simply a greater mismatch between labour supply and demand<sup>49</sup>. Labour shortages for any particular sector are not only the result of demographic changes, but also of educational and career choices made by young people<sup>50</sup>. Education should be aimed at encouraging

<sup>44</sup> See footnote 40.

<sup>45</sup> More information is available online <http://www.europe-education-formation.fr/grundtvig.php>.

<sup>46</sup> More information is available online <http://bic.sk/index.php?lang=en>.

<sup>47</sup> The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus" issue.

<sup>48</sup> More information on the scheme is available at: [www.pup.gda.pl](http://www.pup.gda.pl).

<sup>49</sup> See footnote 14 and 19.

<sup>50</sup> See footnote 14 and, SER (2011), *Bevolkingskrimp benoemen en benutten* [in Dutch] [*Name and utilise population decline*], The Hague: SER.

student participation and linkages within the regional economy. There is a need to stimulate businesses and knowledge institutes to develop joint educational programmes<sup>51</sup>, so that the competencies of the available labour force better match current and future labour requirements. Developing widely available valid and reliable information, and career counselling to guide occupational choices, are also needed, such as an entrepreneurship summer school<sup>52</sup>. To enable this free flow of information there is a need for better co-operation between employers, educational institutes, trade unions and local authorities. Universities should adjust their learning programmes to meet the regional needs of the economy, increase international student attendance, and encourage a family friendly environment.

Promote targeted and better connections between education and skills development and regional labour markets (local skills ecosystem) for job preparation and creation. Re-orient Vocational Education and Training organisations to new skills ecologies.

### Examples of better education and labour market connections

#### OECD Skill Strategy<sup>53</sup>: Good practice in designing local skills strategies

OECD analysis shows that the most effective local skills strategies integrate human resource and training policies into wider economic development strategies, so that the focus is not only on how skills can be developed, but also how they can be deployed. Designing such an approach means looking beyond immediate skills shortages and understanding how investment in human resources can help capitalise on local comparative advantages, and local employment sectors, and capture new opportunities from global and national trends. It also means looking at how the public sector can help support existing skills 'ecosystems' - self-sustaining concentrations of workforce skills and knowledge in an industry or a region - through public funded training and knowledge transfer. Such strategies involve not only education and training institutions, but also a wider range of stakeholders, including firms, employer associations, economic-development agencies, employment agencies, trade unions, and non-profit organisations, which can work together to develop skills and training ecosystems.<sup>54</sup> Competent brokers or facilitators who are capable of working across the private and public sectors are also of key importance.

#### Nordrhein-Westfalen, Germany

At Nordrhein-Westfalen in Germany, support is provided for education and training schemes that are aimed at enhancing human capital, which is seen as being fundamental to broad-based development, particularly in the context of demographic decline and workforce ageing. Nordrhein-Westfalen's sub-regions are developing plans aimed at providing broad support for education and training that extend from pre-school to university. The 'Gemeinschaftsaufgabe zur Verbesserung der regionalen Wirtschaftsstruktur' (GA) in Nordrhein-Westfalen is used to fund technical equipment in vocational training schools and training institutes. Land Ministries are working together to co-ordinate or reorient existing funding streams towards common goals.

#### Dual System IVET , Germany<sup>55</sup>

The Dual System takes place in vocational schools and companies and it is a way of preparing young people for their future occupation and integrating them into society (duration: usually 3 years). Every young person who has completed full-time compulsory education has access to dual vocational training. Students may undertake a year of basic vocational education, which can be used in the second year of the dual system of training. The vocational school is an autonomous place of learning. Its task is to provide basic and specialised vocational training and to extend previously acquired general education. Training in the part-time vocational school provides the underpinning knowledge (theory) and technical skills (for example, operation planning, technology, technical drawing, technical mathematics, business studies) to support the training provided in the company.

The vocational schools must provide at least 12 hours' teaching a week, normally eight hours for vocational subjects and four hours for general subjects such as German language and literature, mathematics, economics or other social sciences, religion and sport. A particular characteristic of this training path is its two places of learning: the company;

<sup>51</sup> See footnote 14.

<sup>52</sup> <http://www.london.edu/programmes/executiveeducation/entrepreneurshipsummerschool.html>.

<sup>53</sup> OECD (2011) *Towards an OECD Skills Strategy*, OECD, Paris.

<sup>54</sup> OECD (2013) *Skills Development and Training in SMEs*, OECD Publishing Paris.

<sup>55</sup> See footnote 37.

and the vocational training school. The dual system provides broad basic vocational training and competencies for some 350 recognised occupations. Successful completion provides recognition for employment as a qualified and skilled employee. The companies sign contracts with applicants under private law and train them in line with the binding provisions of the vocational training directives, which guarantee a national standard. The apprentice is trained in an enterprise for three to four days a week and in the vocational school for up to two days a week. This is monitored by the relevant bodies, for example, professional associations, as autonomous administrative bodies in industry.

#### **Zorgacademie Limburg**

The *Zorgacademie Limburg* is a collaborative effort of schools, employers and municipalities in the province of Limburg. The three parties, supported by the province of Limburg, recognise that only through collaboration can a better quality of schooling and qualifications of workers in the care sector be achieved. It provides better schooling, but also training for workers, as well as re-introductory courses for former workers and people switching jobs within the sector. It also supports a vacancy database for job seekers. The initiative has been quite successful in matching demand and supply in the province. The initiative won the prize for best practice in the DART (Declining Ageing and Regional Transformation) project, an initiative of European declining regions. The idea is applicable in other regions and other sectors as well.

### **Invest in place-based development and foster resilient communities**

Demographic changes on national, regional and local scales have important impacts on the labour market, including an ageing workforce, labour shortages and skills gaps, but also by providing opportunities in the ‘silver economy’ (the ecosystem of services for the older customer). The growing demand for labour intensive personal services is not able to be managed at the national level by increasing the supply of adequate labour. This applies even more forcefully to regional markets: the relatively large increases in personal and health services in declining and ageing regions have to be met by adjustments in the local and regional labour market. Promoting workforce mobility, flexibility and cross-border collaboration will help support local businesses and economies and will stimulate key economic sectors and encourage entrepreneurship and business opportunities. Places have value and social capital as well as a ‘right to survive’ and investment in life-style infrastructure can contribute to increasing its resilience.

- a. Develop new opportunities and innovation in regional/local labour markets, targeting new sources of growth such as cross-border programmes, workforce mobility, clustering<sup>56</sup>, new economic growth areas in health and silver work ecologies, entrepreneurship and business opportunities.

#### **New sources of growth**

##### **EURES partnership Odra-Oder between the Polish and Germans<sup>57</sup>**

The partnership operates, inter alia, in the West Pomerania Region and it is co-ordinated by the Labour Office in Szczecin, and includes participation by the Labour Offices in Swinoujscie, Police and Gryfino. On the German side, it is co-ordinated by the Neubrandenburg Labour Agency and encompasses also Pasewalk and Stralsund Labour Agencies. The main services of the Odra-Oder Partnerships cover vocational and language training and courses, study visits, workshops, meetings regarding specific business branches, employment opportunities, meetings with Polish and German employers and also initiation of job fairs in the cities of the West Pomerania Region. Although an official EURES partnership does not exist in the border area, the exchange of job offers through EURES advisors is developing and seems to be the most promising and practical measure for fostering cross-border mobility. There is a weekly and ad hoc consultancy point for cross-border works organised at the Szczecin Federal Labour Office and

<sup>56</sup> Clusters are geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related sectors and related institutions (eg, universities, R&D institutions, trade associations etc.) in fields that compete but also co-operate (PORTER, M.E. (1998) “*On Competition*”. Harvard Business School Press).

<sup>57</sup> South Baltic Professionals, and Ueuropean Union (2012), *Case Study: Cross-Border Labour Mobility*.



run by EURES advisors from the Labour Agencies of Neubrandenburg, Stralsund and Pasewalk.

*The Euro Region Pomerania forum* is composed of partners essentially at the municipal level, with rural and urban districts from Mecklenburg-Vorpommern, the West Pomeranian Region and the Swedish region of Skåne. Euro Region Pomerania is an important partner, which is closely connected with the implementation of the INTERREG cross-border co-operation programmes. Some of the most promising projects in the context of fostering cross-border mobility are:

- The establishment of six Service-Advisory Centres in the cities located in the hinterland of West Pomerania (Karlino, Dębno, Koszalin, Myślibórz and Szczecin), also on the German side in Greifswald, Neubrandenburg and Schwedt. The main activities concern promotion of the business environment in the Polish-German border area in order to strengthen the activities of small and medium-sized enterprises, informing them about requirements and conditions for running their own businesses; also training for successful and potential entrepreneurs in the regions, supplemented by cultural and educational issues.
- The establishment of two Contact-Advisory Offices, in Loeknitz and Szczecin. Their roles include provision of information to Polish and German inhabitants about social, tax and working conditions in local Polish and German communities; assistance with finding accommodation; provision of contacts with relevant authorities; organisation of language courses; and social and cultural integration matters in cross-border areas.

#### **Copenhagen Cleantech Cluster<sup>58</sup>**

Copenhagen Cleantech Cluster (CCC) in Denmark aims to secure continuous growth for existing cleantech companies; to support and assist new cleantech companies; and to attract more foreign cleantech companies to the city. Together with partners and members, CCC develops projects and initiatives that create new business opportunities. The CCC activities include:

- The 12 partners provide a range of **services** free-of-charge that address concrete demands identified by Danish stakeholders. The services are concentrated around four categories: testing and demonstration; international branding and marketing; matchmaking and innovation; and entrepreneurship.
- The CCC develops new **strategic initiatives** that translate into business opportunities for their members. The CCC innovation platforms facilitate new and innovative solutions that address some of the most important challenges in society, and their projects and networks enable them to develop and scale new solutions locally and bring Danish solutions to the world market.

#### **Silver economy<sup>59</sup>**

A recognition of the benefits of the 'silver economy' in terms of products and services for older people and in terms of employment opportunities for health care workers and others led the Teutoburger Wald region in Germany to initiate an association to promote age-adequate housing, an initiative of craftsmen that offered services to convert apartments and houses for older residents, and tourism and wellness services for older people. Twenty-five partners in the region also worked together to develop specific tourism services for older people. Partners were hotels and guesthouses, wellbeing providers, and recreational and tourist information agencies. 'Silver economy' was a co-operative project funded by the North-Rhine-Westfalian Ministry of Economics within the 'senior economy' initiative.

Another reason for leaving the workplace is often the person's state of health. The need for new services in areas such as education, entertainment/leisure, information technology, financial services and transportation can encourage longer, healthier and more active lifestyles, by creating family friendly environments and active policies to improve living opportunities for the elderly. The ageing of the population structure will increase demand on new social services and the health sector. The issue becomes greater within territorial areas with shrinking populations, because services will become more expensive

<sup>58</sup> OECD (2012) Measuring the potential of local green growth: An analysis of Greater Copenhagen <http://www.oecd.org/cfe/leed/greencopenhagenreport.htm>; Copenhagen Cleantech Cluster (2013) *About Copenhagen Cleantech Cluster*, <http://www.cphcleantech.com/about-ccc>.

<sup>59</sup> Hollbach-Grömig, B. and Jan Trapp, J. (2006)<sup>59</sup> *The impact of demographic change on local and regional government*, Council of European Municipalities and Regions (CEMR). [edoc.difu.de/edoc.php?id=Z7EAY9OD](http://edoc.difu.de/edoc.php?id=Z7EAY9OD).

for consumers due to an increased demand and a decreased labour supply<sup>60</sup>. The forms of delivery of care services should have an emphasis on flexibility and financial effectiveness, and promote opportunities for some services to be delivered by social enterprises.

- b. Invest in early healthy lifestyles and active communities by incorporating new approaches to the development of infrastructure and the provision of services to the society, designed to reduce medical costs in later life, such as investment in community-based agencies for health and social support, facilitating non-profit/voluntary efforts, and fostering local resource sharing.

### Healthy and active lifestyles

#### Reshaping Care in Scotland<sup>61</sup>

Reshaping Care for Older People is a Scottish Government initiative aimed at improving services for older people by shifting care services towards anticipatory care and prevention. The 'Reshaping Care for Older People: A Programme for Change 2011-2021' outlines the following key themes:

- Partnerships in a community business model to keep people out of the formal care system.
- Helping people remain at home using telecare and home adaptation, supporting healthy ageing through diet, exercise and fall prevention.
- Creating effective care pathways including anticipatory care plans, managed care networks, reablement, and implementation of dementia strategy.

#### Healthy and Active Australia<sup>62</sup>

The Australian Government has a campaign committed to the promotion of healthy lifestyles, addressing obesity and taking preventative measures to improve the health of the community with a number of initiatives including:

- Get Set 4 Life – a guide providing information on key areas of health and development.
- Stephanie Alexander Kitchen Garden National Program – primary schools learn how to grow, harvest, prepare and share fresh food.
- Learning from successful community obesity initiative – bringing together the lessons learnt from community projects aimed at preventing obesity.
- Aged Care – website with information on aged care, staying at home, aged care homes, carers and family and health.
- Healthy Communities Initiative – a three phase initiative from April 2010 to June 2014. The Australian Government is issuing grants to local governments to deliver effective community-based physical activity and healthy eating programs and to develop local policies that support healthy lifestyle behaviours.
- Healthy Weight – website providing information on physical activity and nutrition to achieve and maintain a healthy weight
- Active After-school Communities (AASC) program – provides primary school children with a fun, free and safe introduction to over 70 sports and 20 other structured physical activities and encourages life-long participation in sport.
- MyHospitals website – online vehicle for the National Health Performance Authority to report on the performance of individual hospitals and local hospital networks, enabling patients to compare the services available at, and the performance of, different hospitals in their local area.
- Healthy Spaces and Places project – a partnership between the Australian Local Government Association, the National Heart Foundation of Australia and the Planning Institute of Australia in the development of the Healthy Spaces and Places planning guide.

<sup>60</sup> Euwals et al. 2009, Verwest & Van Dam 2010.

<sup>61</sup> <http://www.oecd.org/els/health-systems/48245594.pdf> and <http://www.scotland.gov.uk/Resource/0039/00398295.pdf>.

<sup>62</sup> <http://www.healthyaactive.gov.au/internet/healthyaactive/publishing.nsf/Content/home>.

- c. Invest in healthy and prosperous communities to maintain and increase the vitality of places and encourage personal networks and/or attachments, which stimulates the business environment and improves quality of life, entrepreneurship and innovation. All are factors that can foster resilience in shrinking areas. Investments can be in the form of institutional assets that are located in shrinking places and that can act as ‘magnet infrastructure’ (e.g. a new educational institution or a cultural landmark) and digital media in promoting intergenerational (alumni) and social networks. Good communities nurture entrepreneurship and healthy life-style living conditions.

Local communities facing demographic changes are responding in different ways. In some cases, regeneration tries to address social phenomena, while in others major economic changes are responsible for out-migration of large population numbers from the local area. A diversity of actions is needed, as well as the interrelation of elements, for effective strategies to take place. Notably, many of the regeneration strategies try to re-orient the paradigm of growth to pragmatic downsizing (Germany), while in other cases the focus is on improving residential housing and living conditions, strengthening future socio-economic structures, and improving urban governance (Switzerland). Some countries continue their efforts towards brownfield site regeneration, social planning, and housing policy (Czech Republic), while others think in terms of a new urban governance system, regeneration strategies, and new development models for residential use (Spain) (OECD, 2012)<sup>63</sup>.

**Leipzig** (Germany)<sup>64</sup> - a centre of commerce long before its famous trade fair began, the city concentrated its efforts on revitalising the historical centre, as can be seen from the gentrification of the main railway station, the old merchants' warehouses and the shopping streets. Although three-quarters of the old buildings were rehabilitated during the nineties, the migration of people away from the city could not be halted. Of 320,000 flats, 55,000 are still unoccupied today, although this figure is, fortunately, falling slowly.

In Leipzig, as in other cities, urban shrinkage exists side by side with suburban growth. 34,000 semi-detached houses alone have been built on its outskirts. Nearly half of the firms on the periphery have relocated there from a site in the city proper. Moreover, the first elements of a globally-oriented economy are growing on Leipzig's northern fringe, in the shape of the airport, motorway, freight transport centre, the new Trade Fair complex and the new BMW car plant, designed by Zaha Hadid.

In spite of enormous problems, not least in its eastern districts and the Grünau estate, Leipzig is seen as a winner in regards to German unification. The city has managed to maintain the high status of its Trade Fair; and even the Book Fair has stood up well to its competitor in Frankfurt. In 2003, Leipzig succeeded in its bid to become Germany's candidate for the Olympic Games in 2012.

<sup>63</sup> See footnote 8.

<sup>64</sup> [http://www.shrinkingcities.com/halle\\_leipzig.0.html](http://www.shrinkingcities.com/halle_leipzig.0.html).

## THE NETHERLANDS' DASHBOARD ON DEMOGRAPHIC CHANGE

The Dashboard presents sets of indicators in a simple pie chart based on three principles:

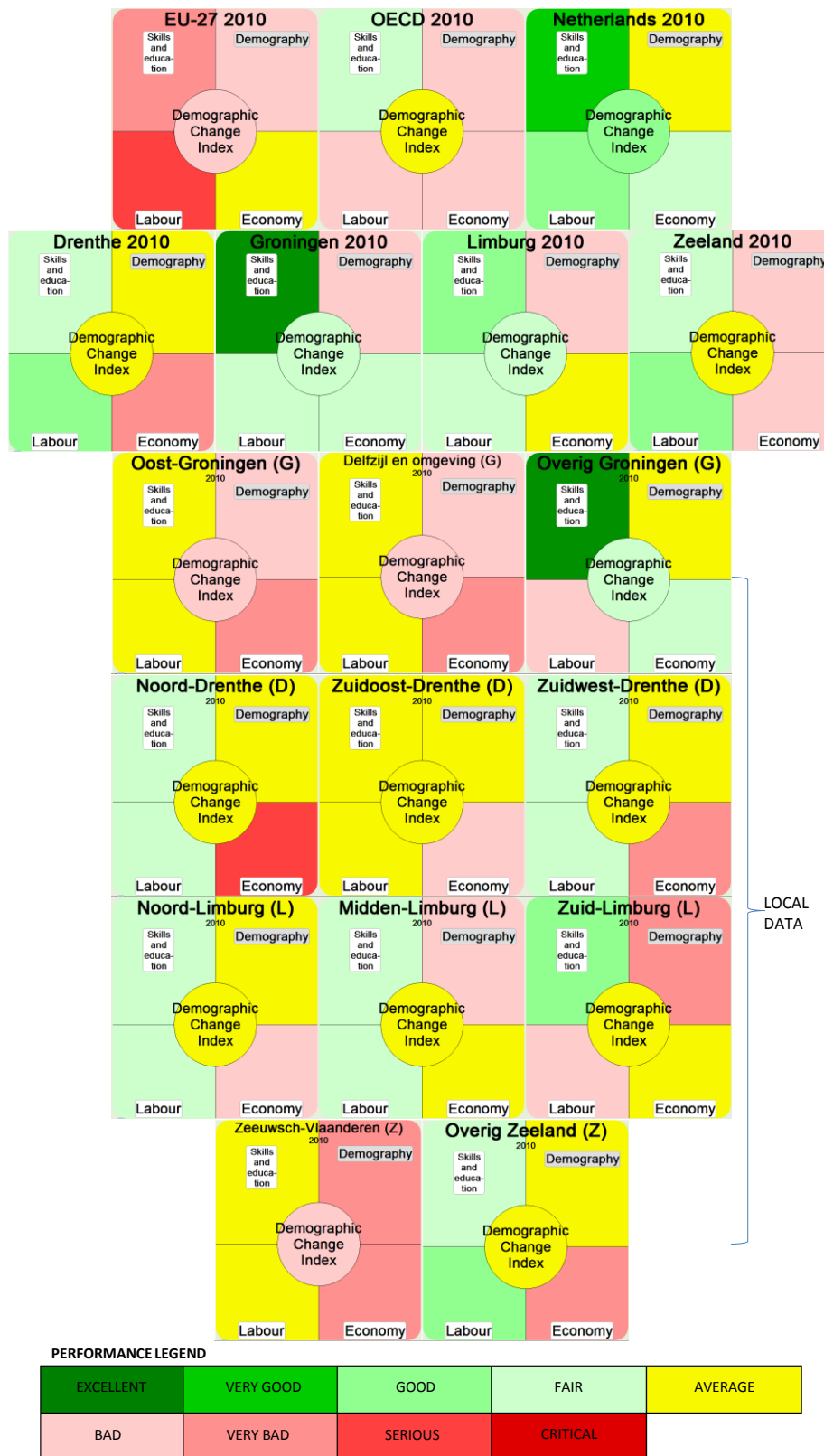
1. The size of a segment reflects the relative importance of the issue described by the indicator.
2. Colour codes signal relative performance, with green meaning “good” and red meaning “bad”.
3. A central circle, the Policy Performance Index (PPI), summarises the information from the component indicators – in this case, it is called the *Demographic Change Index* (DCI).

The demographic change dashboard is an evolving tool designed to assess the performance levels of demographic transition at a local and regional scale between 2000 and 2010. The Dutch dashboard provides a comparison ‘with and between’ OECD member countries, EU27, the Netherlands, the case study regions – Groningen, Drenthe, Zeeland and Limburg with especially the subregions which are considered as shrinking regions in the Netherlands (Delfzijl en omgeving, Oost Groningen, Zeeuws Vlaanderen, Zuid Limburg). Thus, green indicates the region’s performances are better (good), while red indicates its performance is behind or lower (bad) than the comparison regions.

The DCI (central circle) provides a summary performance index of the demographic change themes (Demography, Economy, Labour, and Skills and Education); the surrounding segments provide the overall summary of the performance of the each theme. Demography includes the population growth; age cohorts (0-14, 15-64, and 65+); life expectancy; birth and death rates; fertility rates; and infant mortality. Economy includes primary income of households; regional GDP; youth, elderly and economic dependency ratios. Labour includes Employment rates (15-64, 15-24, 55-64 age cohorts); unemployment rates (15-24, 55-64 age cohorts). Skills and education include students enrolled in education (percentage of population), students enrolled in tertiary education (percentage of students); tertiary education attainment (percentage of employment and labour force); and participation of adults in education (by gender).

In 2010, the Netherlands was out performing the EU27 and the OECD especially within the labour, and skills/education themes, while two study regions were average (Drenthe and, Zeeland) Groningen and Limburg were fair (Figure 20 and 21). Groningen in 2010 was significantly out-performing the other study regions in the skills and education theme and performing ‘good’ within the economy, while Drenthe was languishing in economy theme.

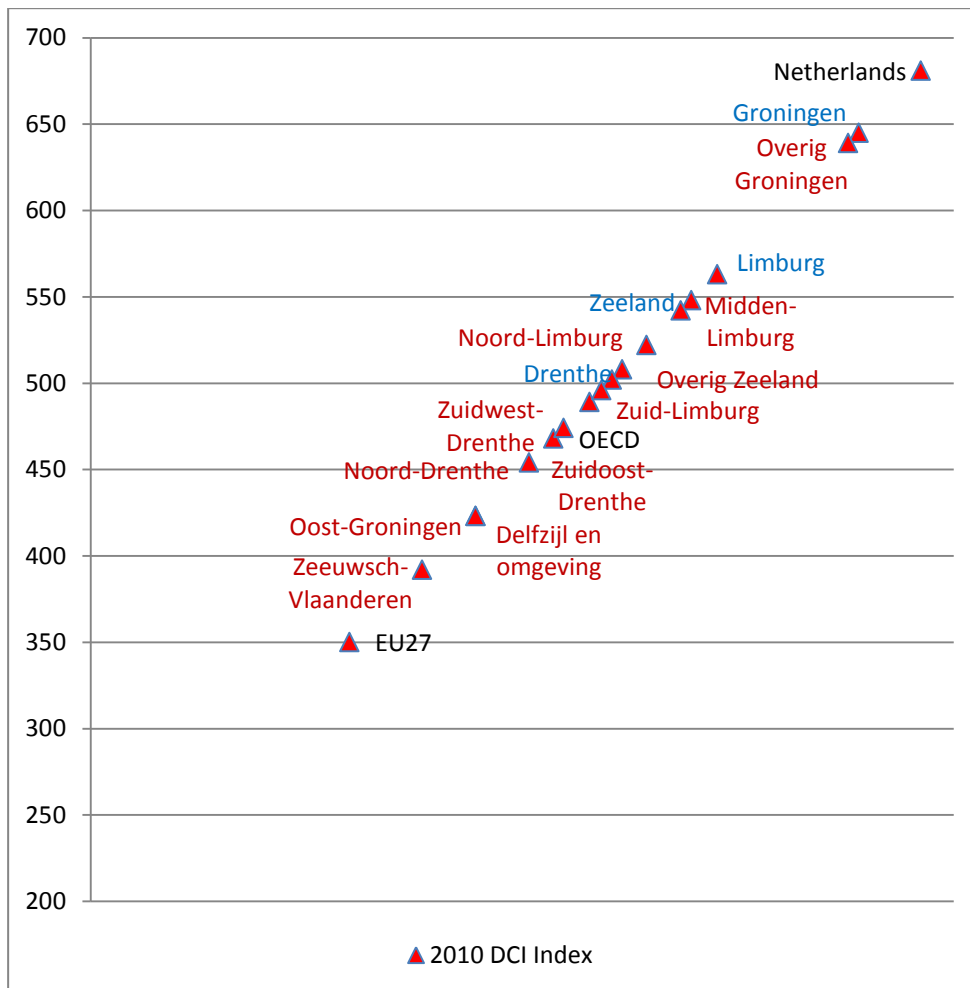
Figure 20 Demographic change index dashboard results for 2010



The local area, was categorised between fair (Overig Groningen) with excellent rating in skills and education, average for the majority of the local areas and substandard results for Oost-Groningen, Delfzijl en omgeving and Zeeuwsch-Vlaanderen. The demographic dashboard confirms the negative demographic

trends in the subregions which are defined as shrinking regions in the Netherlands: Delfzijl en omgeving, Oost Groningen, Zeeuws Vlaanderen and Zuid Limburg. However, it also shows they have a different character which makes them more or less resilient to these changes. Zuid Limburg has an average overall performance due to the presence of higher education in the region, although labour market performance on the other hand is weak. Zeeuws Vlaanderen has a relatively good labour market performance due to low unemployment rates.

Figure 21 Demographic Change Index (points) for 2010



The following dashboard results illustrates the performance change or the current trend (trend from 2000-10). Surprisingly, the EU27 experienced an ‘over better’ performance change, while Drenthe, Limburg and Zeeland had are languishing, Groningen and the Netherlands only experienced an ‘average’ performance change (Figure 22 and 23). Locally all subregions are struggling with demographic transitions with Zeeuwsch-Vlaanderen and Noord-Drenthe experiencing challenging trends due to issues within the labour, skills and education, economy.

Figure 22 Demographic change index dashboard results for 'trend' from 2000-10

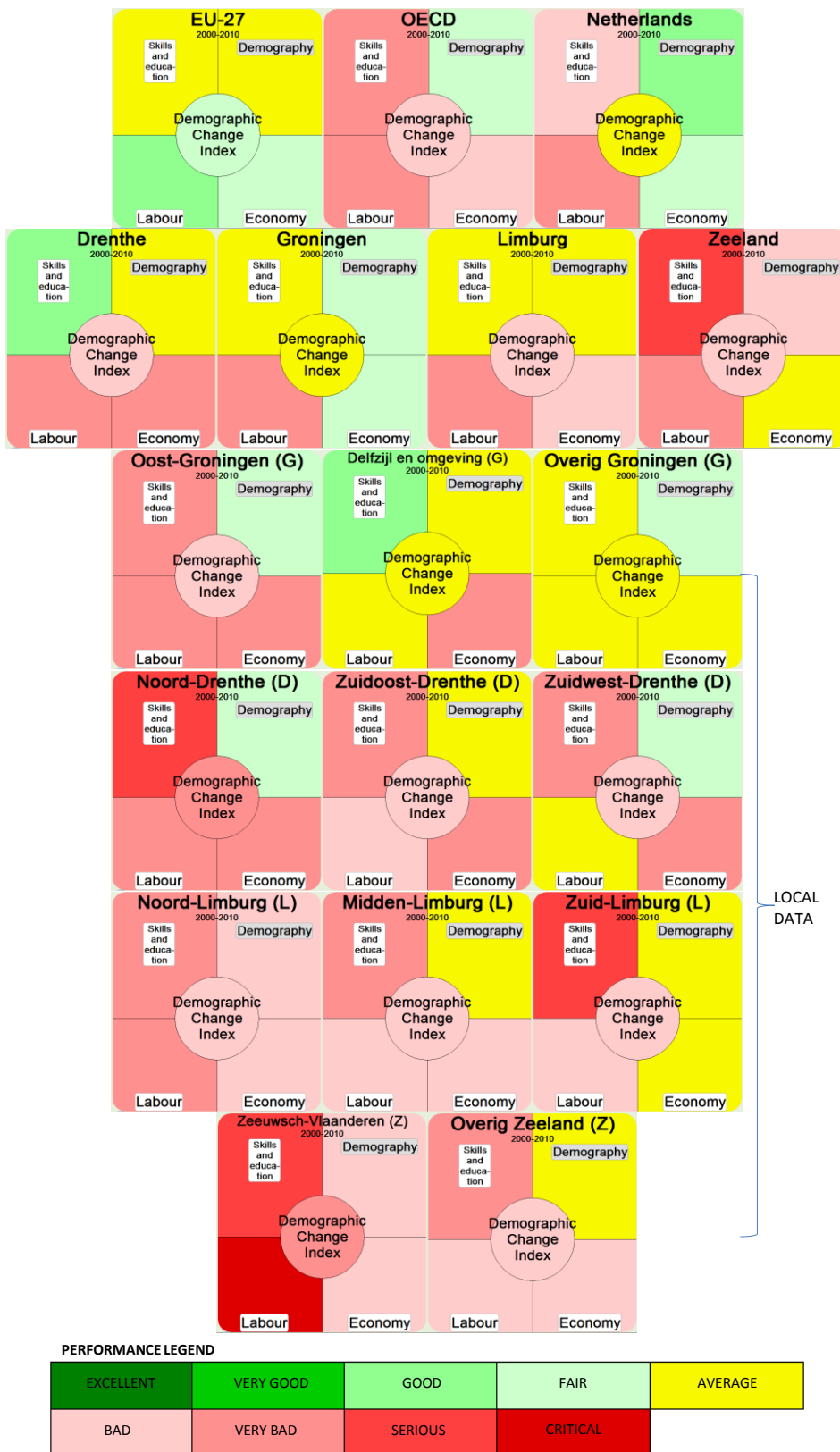
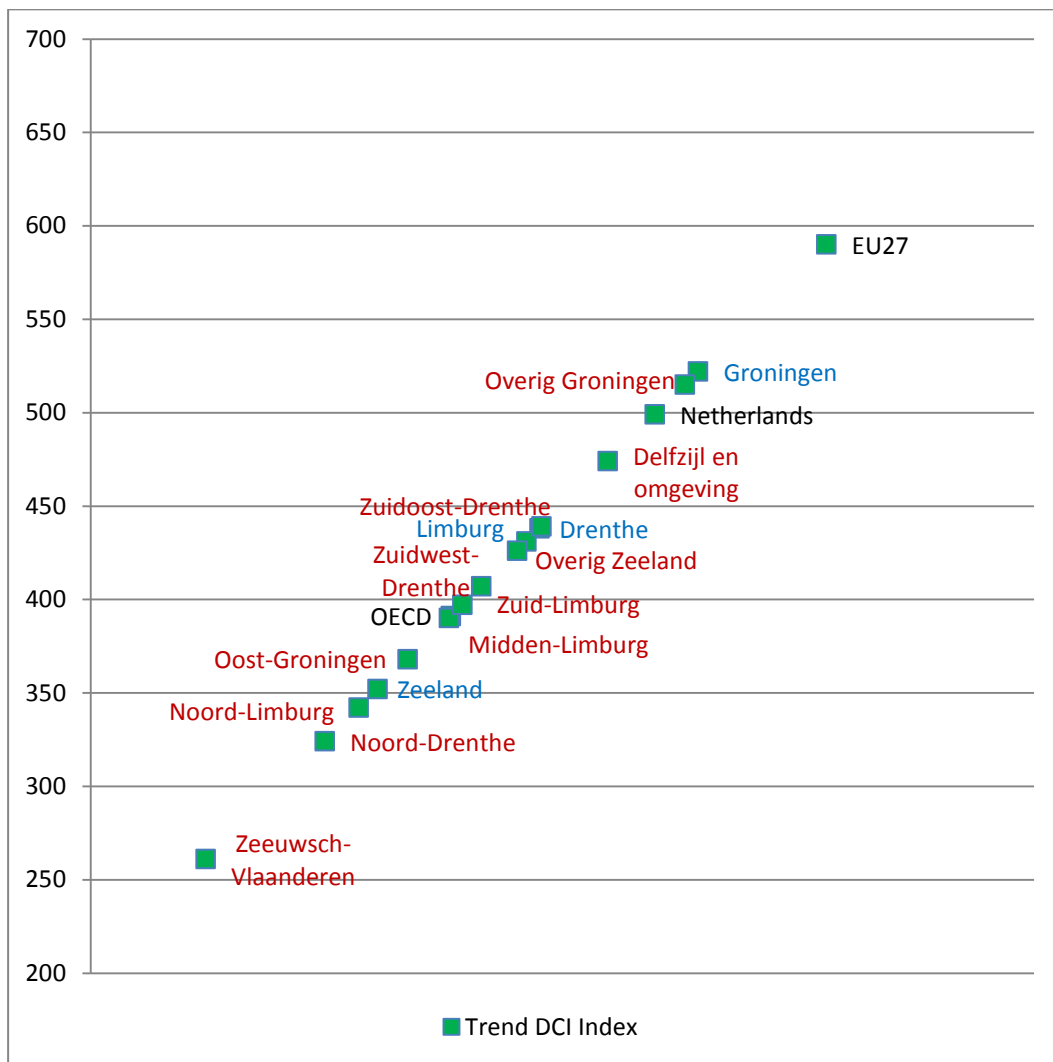


Figure 23 Trend from 2000-10 DCI points



Most subregions which are not yet facing demographic decline have relatively weak performances for labour market, economy and education as compared to the rest of the Netherlands, like in the subregions of Drenthe, Noord and Midden Limburg and Overig Zeeland. This shows that they are particularly vulnerable to future demographic transitions. Trend data for 2000-2010 show that these areas are weakening substantially on these aspects, whereas some of the current shrinkage subregions show positive trends, like Delfzijl en omgeving. The dashboard clearly illustrates the differing social-economic contexts that that local areas experience and that local policy response is required.



## SUMMARY OF THE MAIN RECOMMENDATIONS FOR THE NETHERLANDS: ACHIEVING GROWTH THAT IS INTER- GENERATIONAL, CO-OPERATIVE, AND PLACE-BASED

Policy Focus	Key policy challenges for demographic change		
	<i>Inter-generational responses to labour market challenges</i>	<i>Co-operative frameworks towards a dynamic and responsive labour market</i>	<i>Place-based development for resilient and dynamic communities</i>
<b>National</b>	<ul style="list-style-type: none"> <li>a. Continue the efforts towards encouraging work and activation of older workers and extension of working life.</li> <li>b. Invest in healthy lifestyles and active communities.</li> <li>c. Provide an overall co-ordinated policy response.</li> <li>d. Design programmes and initiatives that have ‘territoriality’ as a key aspect for implementation.</li> </ul>		
<b>Regional</b>	<ul style="list-style-type: none"> <li>e. Foster life-long learning as an education and private sector approach connecting education and skills development and regional labour markets.</li> <li>f. Promote entrepreneurship and workplace flexibility.</li> <li>g. Integrate social and employment programs.</li> <li>h. Define a regional innovation strategy that provides provincial facilitation and regional networking.</li> </ul>		
<b>Local</b>	<ul style="list-style-type: none"> <li>i. Develop new opportunities and innovation in local labour markets.</li> <li>j. Invest in community-based agencies for health and social support.</li> <li>k. Facilitate non-profit/voluntary efforts to build vital and resilient places.</li> <li>l. Foster local resource sharing among schools, local government and other local stakeholders.</li> </ul>		

**Inter-generational:**

- a. Encourage a new work continuum ranging from full-time to part-time within the employment options for companies, governments and other sectors so as to extend the length and variety of and engagement in working-life, leading to longer employment and increased productivity for people across all sectors. This will extend the working age while allowing people to meet the requirements of family, community and other engagements that in turn improve personal, family and community health. Inter-generational engagement in changing working conditions needs to also be taken into account.
- b. Identify and implement programmes to re-position workers (older and younger) who are un-(or under) employed, especially lower skilled workers, in a concerted effort to encourage their engagement and integration into the workplace (job carving) and to connect older with younger workers in the workplace. Incentives for continuing to work after age 60, as well as social security systems that are designed to promote working late in life need to be developed, including creating new roles within companies for workers in their later life.
- c. Foster life-long learning to stimulate competitiveness, because economies now depend on value that is added from the entire workforce. Regional firms need to invest in and improve their learning culture, with flexible and tailor-made training and skills development programmes, not only for new employees, but also for the older workforce. These programmes will promote intergenerational workforce skill linkages, such as master-apprentice relationships. To increase entrepreneurship or self-employment, educational programmes and business coaching should be promoted wherein the skills of older people are transferred into new opportunities.

**Co-operative:**

- a. Encourage horizontal integration and vertical alignment of policies by promoting co-operative frameworks and regional co-ordinated approaches, such as territorial employment pacts, which are innovative networks that provide an institutional framework and commitment for regional networks targeting employment strategies.
- b. Promote entrepreneurship and workplace flexibility by designing strategies for new work-ecologies incubators, entrepreneurship education, skills development in SMEs and the development of senior entrepreneurs.
- c. Promote targeted and better connections between education and skills development and regional labour markets (local skills ecosystem) for job preparation and creation. Re-orient Vocational Education and Training organisations to new skills ecologies.

**Place-based:**

- a. Develop new opportunities and innovation in regional/local labour markets, targeting new sources of growth such as cross-border programmes, workforce mobility, clustering, new economic growth areas in health and silver work ecologies, entrepreneurship and business opportunities.
- b. Invest in early healthy lifestyles and active communities by incorporating new approaches to the development of infrastructure and the provision of services to the society, designed to reduce medical costs in later life, such as investment in community-based agencies for health and social support, facilitating non-profit/voluntary efforts, and fostering local resource sharing.
- c. Invest in healthy and prosperous communities to maintain and increase the vitality of places and encourage personal networks and/or attachments, which stimulates the business environment and improves quality of life, entrepreneurship and innovation. All are factors that can foster resilience in shrinking areas. Investments can be in the form of institutional assets that are located in shrinking places and that can act as ‘magnet infrastructure’ (e.g. a new educational institution or a cultural landmark) and digital media in promoting intergenerational (alumni) and social networks. Good communities nurture entrepreneurship and healthy life-style living conditions.

**To download the full report, please visit the project webpage at:**  
[www.oecd.org/cfe/leed/demographicchange.htm](http://www.oecd.org/cfe/leed/demographicchange.htm)



# Demographic Change in the Netherlands: Strategies for resilient labour markets