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A historical perspective on immigration and social protection in the Netherlands

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A Historical Perspective on Immigration and Social Protection in the Netherlands

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Abstract:

Immigrant access to social protection in the Netherlands has changed quite markedly over time. This paper discusses the changes from an historical perspective and introduces a theoretical framework (the *Welfare Pentagon*) explaining how immigrants cope with (economic) hardship when they do not have access to formal social protection. The relationship between migrants and social protection in the Netherlands has been and still is marked by asymmetries in entitlements and contributions (taxes). Shifting notions of fairness throughout time to both documented and undocumented migrants are noticed and interpreted.

Key words: immigration, migration, social protection

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1 Introduction

Immigrant access to social protection in the Netherlands has changed quite markedly over time. This paper discusses the changes from a historical perspective and introduces a theoretical framework (the *Welfare Pentagon*) explaining how immigrants cope with (economic) hardship when they do not have access to formal social protection. The relationship between migrants and social protection in the Netherlands has been and still is marked by asymmetries in entitlements and contributions (taxes). Shifting notions of fairness throughout time to both documented and undocumented migrants are noticed and interpreted. This paper explains these historical developments and gives recommendations (best practices) to fix some of the many asymmetries in entitlements and contributions.

Social protection is defined as “the range of public, private, formal and informal measures that address actors’ (individuals’, households’ and communities’) vulnerability to outcomes that negatively affect their well-being (typically defined in terms of consumption and income)” (Sabates-Wheeler & Macauslan, 2007). Migration and social protection is an understudied topic in the social protection literature. Holtzman, Koettl and Chernetsky (2005) and Koettl, Holzmann, & Scarpetta (2006), for instance, only discuss migration and social protection in the context of portability of pensions, health care and social security benefits, for legal working migrants and often only for the highly skilled. Holtzman (2005) emphasizes the role of migrants as helping natives to pay for their social protection (under the threat of being underfunded because of the demographic situation in many countries). Song & Appleton (2008) focus on work related entitlements which are not granted to migrants coming from rural to urban areas in China. This paper wants to look thoroughly at one country (the Netherlands) along a range of migration and social protection issues including access and portability of benefits and coping strategies in case formal social protection is lacking.

Section 2 gives an overview of the immigration situation in the Netherlands from the 1950s to the present. Section 3 discusses documented/legal immigrants and their access to social protection. The specific case of refugees and asylum seekers is also discussed here. Section 4 surveys the specific situation of undocumented/illegal immigrants. It looks at the current provisions (mainly the lack of them for this particular group) and discusses other ways that these migrants deal with risk through the Welfare Pentagon framework.

2 Immigration in the Netherlands

Starting in the early 1950’s, immigration in the Netherlands has shown a positive trend and from the early sixties onwards the nation has been a country of strong immigration (until recently). The history of immigration after WWII in the Netherlands can be grouped into four periods:

- (1) 1945 – 1960: immigration predominantly from former colonies;

- (2) 1960 – 1973: labour demand driven immigration from Southern Europe and North Africa;
- (3) 1974 – 1997: immigration of family members of migrant workers and asylum seekers as quantitatively the most important groups;
- (4) 1997 – 2007: curbing immigration on family reunification grounds and asylum, lower immigration of low skilled workers and increasing recruitment of higher skilled migrant workers.

Access to social protections for these different groups has changed over time and with shifting notions of fairness.

Changes in migration policies have followed a sequence of strong and explicit views on the place of migrants in the Dutch society. These views have been changing and shifting from the desirability of temporary labor-demand-driven migration in the 1960's and 1970's, over stimulating permanent migration of workers and their families in the 1980s and 1990s, to encouraging circular migration of high-skilled workers in the last years. The views on whether and how the migrant workers should and can integrate into the Dutch society are relatively independent from the economic needs in terms of the demand for labour. The resulting reactive character of Dutch migration policies is important. Policies tended to recognize rather than organise migration flows and tried to adapt to the newly identified realities. This was especially the case in the 20th century. Over the last decade, policies intended to be more pro-active and aimed at curbing certain types of migration, although a significant reactive element is maintained as well.

The decolonization process starting in 1945 with Indonesia and ending in the 1980's with Surinam, boosted immigration in the Netherlands in several waves. In the former case, approximately 350.000 people used the right to "repatriate". Together with residents of Indonesia, many Moluccan soldiers having served in the Dutch army in Indonesia, immigrated with their families in that period (1945 – 1950) as well. The independence of Surinam in 1975, made many residents of that country, having doubts on the economic and political stability of the colony becoming independent, moved to the European part of the Kingdom since Surinamese inhabitants were given the option of Dutch citizenship. Just before visa restrictions were put into place of the Surinamese in the 1980s, another inflow of Surinamese left the country.

The Netherlands started to feel the excess demand for labour only at the end of the 1950's. In the absence of an organised public policy, it was the employers who organised the recruitment of migrant workers mainly from the Mediterranean countries. The government responded by signing so-called "recruitment agreements" with the sending countries; first with Italy in 1960 and later with most of the other Mediterranean countries (Spain: 1961; Portugal: 1963; Turkey: 1964; Greece: 1966; Morocco: 1969; Yugoslavia and Tunisia: 1970). The recruitment agreements formalised the practise that workers could enter the Netherlands officially after having obtained a work permit for the Netherlands in their country of origin. However, many workers first came in as tourists and obtained the necessary documents only upon finding a job. Although nowadays these workers would be regarded as "illegal", the pressure of the labour market in that period was high enough for the government not to impose strict rules on immigrating workers.

The first oil-crisis in 1973 and especially the economic downturn after 1979, had large effects on immigration in the Netherlands, less so on the absolute numbers, but more on the composition of the migrant population. It had, however, a major impact on the public (and political) view on immigration and its function and consequences. In order to understand these changes it is important to specify the prevailing positions on immigration and migration policies in the 1960's and the first half of the 1970's.

“The Netherlands is not an immigration country and should not become one” was the official position of the Dutch government in 1974. The first official document that formulated a coherent policy view on immigration dates from 1970 (Memorandum Foreign Employees – “Nota Buitenlandse Werknemers”) and already had specified that the Netherlands was not an immigration country. It argued that the Dutch economy needed foreign labour to sustain economic growth but formalised the largely shared unofficial view, that migrant workers are appreciated but temporary transients in the Dutch society. They were welcome as “guest-workers” (the Dutch word “gastarbeider” copied the German equivalent), but are not supposed to become genuine parts of the Dutch society. There is no need to integrate them since they will leave when they are not needed anymore. Recognizing, however, that there might be a structural need for foreign workers, the Memorandum of 1970 introduced the idea of contracts of very limited duration (2 years) guaranteeing that individual workers would not stay in the country for protracted periods but allowing nevertheless the economy to use immigration to deal with shortages in labour supply. The concept of circular migration was not yet very popular, but the official policy note proposed to and aimed at “rotating” foreign workers between their sending country and the Netherlands. It should be noted that this was consistent with the reality on the ground: the majority of the workers in that period were male and came without their families; in the early 1970's there were 55.000 Turkish and Moroccan guest workers and only 20.000 family members.

The slowdown in economic growth in the 1970's and the economic downturn in the early eighties did change the demand for (foreign) labour. It, however, did not change the migrant population in a proportional way. Many European foreign workers returned to their country of origin, but especially the workers stemming from Turkey and Morocco (and also the ex-Surinamese as they became Dutch citizens) did not. They stayed in the country and by their very presence, put pressure on the government to adapt its policy on migration and integration. In the 1974 new “Memorandum of Reply”, it was explicitly stated that the Netherlands had responsibilities to the guest workers and that therefore, a policy to accommodate them in the Dutch society as long as they would remain in the country, was imperative. This accommodating policy had two main elements: giving guest workers improved access to public services/social security and providing cultural support. As for the access to public services, housing was a priority but later, as migrant workers became more regionally concentrated, municipalities started to provide better access to health care, social assistance based income support and education. The cultural programmes emphasised ethnic (related to the sending country) based education and mother-tongue teaching, all aimed at facilitating future return. The Netherlands became

the “reluctant host” for the guest workers, needing them to fill the vacancies and accommodating them to live decently in the country but providing facilities that were believed to stimulate and facilitate their expected return.

By the mid-1970’s it became the aim of the government policy to restrict labour immigration to a strict minimum tightening controls on entry and using quota on the sending country- and on the company level (still using working permits as the main instrument). Starting in 1973 and formalised by the Foreign Employee Act (“Wet Buitenlandse Werknemers”) in 1979, it was stipulated that no foreign worker will be allowed to settle permanently into the country “unless there are compelling reason to allow it”. In practice this implied that labour immigration continued to be possible even after the Netherlands proclaimed itself “closed to labour immigration”. Despite the fact that admission continued to be regarded as a temporary matter and that employers had to prove that there were no suitable employees to be found within the European Economic Area (EEA), labour immigration was still allowed under the 1979 act (to be replaced in 1995 by a new act) when it was considered beneficial to the Dutch economy. Next to work permits as an instrument, the introduction of visa requirements for countries with a high emigration potential (Turkey, Morocco and Surinam) were introduced; visa, however, were (and are) closely linked to work permits and had little autonomous effect except in the case of Surinam (see above).

Despite the policy efforts, the objective of cutting down the number of new immigrants was never reached, not due to an increasing number of labour immigrants, but because of an increasing number of people immigrating in the country for reason related to family reunification and family formation. The total number of non-Western immigrants more than tripled between 1975 and 1985 from less than 200,000 to approximately 600,000 (total Dutch population was approximately 15 million in that period). The increase was to a large extent due to migrating partners and children joining labour migrants from the 1960’s and the first half of the 1970’s.

Immigration due to family unification and formation became the most important reason for immigration already in the late 1970’s; it peaked in 1983 – 1984 and stayed important afterwards. During the 1980’s numerous projects on the national as well as on the local level were started to provide better educational opportunities, improved chances on the labour market and access to social housing (previously impossible).

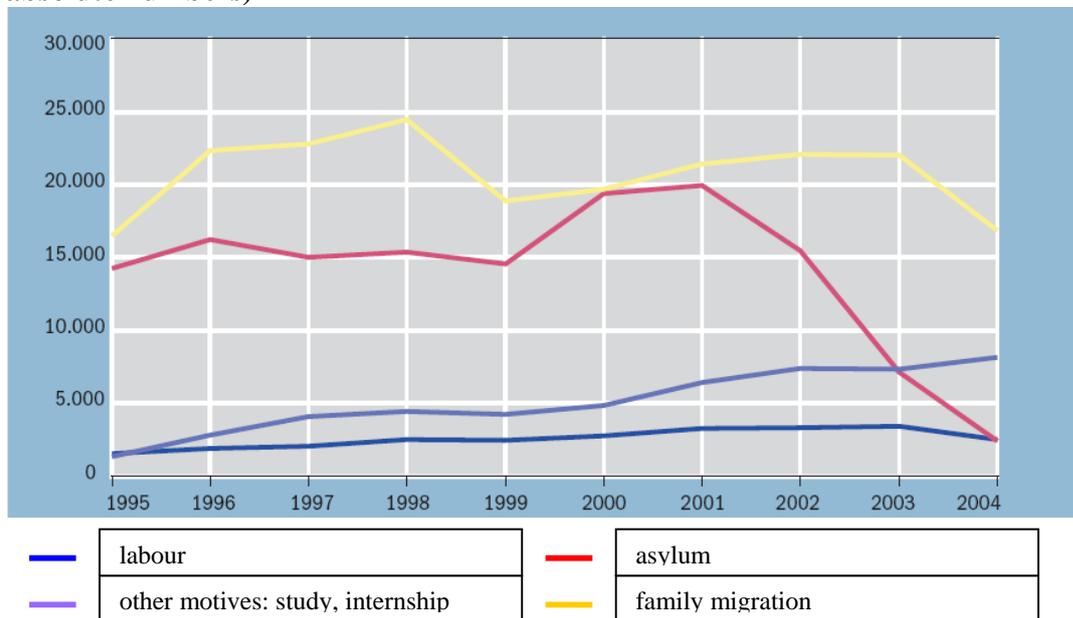
The liberal family migration policy as part of the new integration effort continues to attract yearly between 20.000 and 30.000 new migrants until very recently. At the end of the 1980’s and especially the beginning of the 1990’s these migrants were joined by an even bigger flood of asylum seekers. While throughout the 1970’s and the 1980’s the Netherlands was chosen by a small couple of thousands of asylum seekers every year, their number increased to 14,000 in 1988 and further exploded to yearly peaks of 53,000 (1995) and 45,000 (1999 – 2001). In these years between 15.000 and 20.000 new asylum

seekers immigrated in the Netherlands every year; these migrants added to the approximately 22,000 family migrants yearly.

When the Netherlands and other countries tightened the criteria for a refugee status and reconsidered social assistance in cash in 2001, the number of asylum application dropped significantly. In the case of the Netherlands, the tightening of the access to asylum was realised through an administrative action linking all social economic data-bases electronically allowing the authorities to identify and allocate illegal or irregular immigrants whenever they would use the administration, health services, schools or parts of the social security administration. The so-called “Linkage Act” made it more easy for the administration to identify the irregular asylum cases. Moreover, it discouraged irregular asylum seeking by making access to the social system of the country more difficult. The combination of the more legal restrictions, a faster procedure and the linkage seem to have led to a serious drop in the number of asylum seekers.

Figure 1 shows the evolution of the types of migration from 1995 to 2004. It is clear that for this nine year period family migration has brought in the largest number of migrants followed by asylum seeks (dropping off drastically in the last years). Legal labor migration and other forms of migration have steadily increased but remained small in comparison.

Figure 1: Non-western immigrants by year of arrival and migration motive (in absolute numbers)



Source: SCP, Jaarrapport Integratie 2007, p. 31.

Table 1 shows the top ten migrant communities in the Netherlands. Four of the countries included are European Union Member States (Germany, Belgium, the UK and Poland). Current and former colonies make up another three countries (Indonesia, Suriname, the Dutch Antilles and Aruba). The former guest worker countries (Turkey and Morocco) add substantially to the total and refugees from former Yugoslavia round out the top ten. Non-western migrants make up over half of total immigrants.

Table 1: Migrant community¹ in The Netherlands by country of origin: 2007 Total and top 10.

| Country of origin | Total | 1st generation |
|---------------------------|--------------|----------------------------------|
| 1. Indonesia | 389.940 | 126.048 |
| 2. Germany | 381.186 | 101.221 |
| 3. Turkey | 368.600 | 195.113 |
| 4. Suriname | 333.504 | 186.025 |
| 5. Morocco | 329.493 | 167.893 |
| 6. Dutch Antilles & Aruba | 129.965 | 78.907 |
| 7. Belgium | 112.224 | 36.126 |
| 8. Former Yugoslavia | 76.465 | 52.857 |
| 9. UK | 75.686 | 42.604 |
| 10. Poland | 51.339 | 34.831 |
| Total | 3.170.406 | 1.601.194 |
| Total Non-Western | 1.738.452 | 1.014.476 |

¹ Defined as persons born abroad or with at least one parent born abroad.

Source: Central Bureau of Statistics, 2008.

3 Immigrants and social protection in the Netherlands

According to Ministry of Social Affairs and Employment (2008), all persons (legally) residing in the Netherlands are required by law to be insured under the National Insurance Schemes. All persons who work in the Netherlands and, consequently, pay income tax, are also insured. All employees are compulsorily insured under the insurance schemes for employees.

Apart from National Insurance Schemes, there are also social provisions that supplement insufficient (family) incomes, bringing them up to the minimum guaranteed income level for a particular domestic situation. The main social provisions are the Supplementary Benefits Act, the Wajong (Disablement Assistance Act for Handicapped Young Persons), the Act on Income Provisions for Older or Partially Disabled Unemployed Persons (IOAW), the Act on Income Provisions for Older or Partially Disabled Formerly Self-

employed Persons (IOAZ), the Work and Social Assistance Act (WWB) and the Work and Artist Income Act (WWIK). More information about the different schemes can be seen in the Appendix. People residing in the Netherlands illegally have no entitlement to national insurance and welfare benefits (social protection for undocumented migrants will be discussed in Section 4).

In theory, all legal immigrants in the Netherlands have access to these provisions, but in practice, non-permanent residents have little access to social provisions. The modern migration and social benefits acts link the eventual claim of a migrant on a social benefit to the eventual loss of (temporary) residence. So theoretically the migrants have access to certain benefits, but the entitlement is stopped automatically and almost immediately after claiming the benefit.

Tables 2 and 3 give an indication of recipients of social benefits by different groups. The categories are broken down into the four major immigrant groups (Turkish, Moroccan, Surinamese and Antillean), other non-western, non-western total and natives as a comparison group. From this table it is clear that each of the non-Western immigrant groups are more often found among the beneficiaries for all social protection benefits but most outspokenly for disability related benefits and social welfare benefits.

Table 2: Recipients of social benefits, age 15-64 years, September 2004, the Netherlands (in percentage of population)

| | total share social security beneficiaries within group | of which: | | | |
|-------------------|--|-----------------------|--------------------------|-------------------|-------------------|
| | | inability benefits | unemployment benefits | social welfare | other benefits |
| Turkish | 29 | 13 | 4 | 11 | 3 |
| Moroccan | 29 | 9 | 3 | 16 | 2 |
| Surinamese | 23 | 8 | 4 | 10 | 2 |
| Antillean | 24 | 4 | 3 | 16 | 2 |
| other non-western | 22 | 3 | 2 | 16 | 1 |
| non-western total | 25 | 7 | 3 | 14 | 2 |
| natives | 13 | 8 | 2 | 2 | 2 |

Source: CBS Statline, SCP Jaarrapport Integratie 2007 pp. 154

Table 3

| Table 4.2 Relative claim on expenditure by current non-Western residents and the assumed relative claim for 'highly performing' immigrants | | | |
|---|----------------------------------|---------------|--------------------------------|
| | current non-Western ^a | average Dutch | highly performing ^b |
| Disability benefits | 124 | 100 | 80 |
| Unemployment benefits | 157 | 100 | 80 |
| Social assistance | 437 | 100 | 80 |
| Individual rent subsidies | 284 | 100 | 50 |
| Health care | 100 | 100 | 100 |
| Education-primary | 148 | 100 | 100 |
| Education-secondary | 100 | 100 | 100 |
| Education-tertiary | 73 | 100 | 100 |
| GDP-related expenditure (defence etc.) | 52 | 100 | 138 |

^a These figures are adjusted for age composition. This adjustment is carried out by dividing the figure for the non-Western residents by the weighted average of the age specific 'Dutch' figures in which the non-Western age composition is used as a weight.
Sources: (for social assistance, unemployment benefits and disability benefits) CBS (2002b); (for education) Tesser et al. (1999), Ministerie van OcenW (2001), Tweede Kamer (2001b) and own calculations; (for individual rent subsidies) Statistics Netherlands, Woningbehoefteonderzoek 1998.

^b These involve imputed values (see main text).

(Roodenburg, Euwals, & Rele, 2003)

Among non-western migrants, the Turkish and Moroccans are receiving social benefits relatively more often than other ethnic groups. Moroccans are the group most dependent upon social welfare payments of those who have access to social benefits. On the contrary, social welfare dependency is considerably lower for Surinamese migrants than for other non-western groups, which may be explained by the relatively high level of female economic activity and thus independence from the welfare system (Dagevos & Gijssberts, 2007).

Table 3 illustrates the same reality in a different way. Based on somewhat more sophisticated modeling by the Social Planning Bureau for the period 1999 -2002, it is estimated that the relative claim on expenditures for social protection is much higher for all non-Western migrants than for the average Dutch. The last column of table 3, however, adds more specific information. It can be seen that the relative claim on social expenditures is lower for highly skilled migrants than for the average Dutch. This actually tells a special story for the entitlements of migrants in the Dutch social protection system. As can be noticed from the more detailed historical account of the position of migrants provided in the table of the appendix, migrants in fact had and have less social rights than the average Dutch throughout history. The fact that non-western migrant,

nevertheless use social protection more often than the average Dutch has to be explained by the vulnerability to economic downturns and the resulting lower labour market participation rates for migrants compared to the average Dutch person. Moreover, the largest part of migrant beneficiaries are members of the migrant community that immigrated in the period 1960 – 1980 and stayed in the country for a long period. Their prolonged stay lead to permanent residence permits thus making them entitled to receiving social benefits. The period 1960 – 1980 coincided with a high level of generosity of benefits also for the Dutch population. Since, however, migrant residents found their way back to the labour market far less easily in the periods of economic growth starting the mid-80s, they became overrepresented among the beneficiaries. The overrepresentation of migrants among social benefits recipients is not a reflection of their large scale entitlement but rather of their unfavourable labour market position.

For the migrants from recent cohorts, the story is very different. This group of migrants have no or very limited access to social protection. This applies especially to the lower skilled migrants. Their residence permit is directly linked to their labour contract and regulations stipulate that they immediately loose their residence permit when they would claim social assistance benefits. The lower skilled migrants became less numerous especially in the 21st century, thus reducing the “burden” of migrant workers on the social system. In fact when the highly skilled migrants (mostly stemming from recent immigration cohorts) are considered, it can be seen that their use of social protection benefits is in fact lower than the claim of average Dutch (see table 3).

Three mechanisms have reduced the use of social protection benefits by the migrant workers over the last decade:

- first the composition of the migrants have been changed over the last 10 year with less asylum seekers, less immigrants coming in for family reasons, less low skilled workers and more highly skilled workers; this leads to less need for migrants to use the social protection system since highly skilled workers are less vulnerable to unemployment and other forms of involuntary economic inactivity;
- since the 1990's the Dutch government has implemented an activation policy for social benefits recipients; this has pushed a large number of people (temporary) back the labour market; it has pushed more migrant workers back to the labour markets for the simple reason that they were overrepresented among the non-active social benefit recipients;
- third the implementation of the linkage act has made it practically impossible for migrants to claim social benefits since this would lead immediately to the loss of their resident permits or the a refusal of renewal of the resident permit at a specific time.

According to Ministry of Social Affairs and Employment (2006), the Dutch government approved measures aimed at preventing foreigners temporarily residing in the Netherlands from applying for welfare, proposed by State Secretary of Social Affairs and Employment (Henk van Hoof) and Immigration and Integration Minister (Rita Verdonk). The first measure was an amendment to the Work and Welfare Act. It specifically states

that people are only eligible for welfare if they “reside in the Netherlands”. Furthermore, EU residents, who are allowed to stay in the Netherlands for a three month period from May 1st 2006, will be not be entitled to welfare. They also brought closer cooperation between municipalities and the Immigration and Naturalisation Service (INS). This will make it easier for the INS to decide more quickly and efficiently about extending the residence permit of migrants who apply for welfare, effectively meaning that anyone on welfare will not receive and renewed permit. In most cases a migrant is not automatically entitled to welfare benefits but he/she must first accrue welfare rights (Ministry of Social Affairs and Employment, 2005).

It should be noted that this leads to an important asymmetry in the treatment of migrant workers. On the one hand, they are practically excluded from receiving social benefits. On the other hand they (and their employers) have to contribute to the financing of the social protection system by paying taxes and social security contributions. Dutch law does not allow to exempt migrants from paying into a system wherein they are deprived of rights to profit from the system. The logic is that exempting migrants from social taxes and contributions would lead to unfair competition between them and the native Dutch since the wage costs for the latter would be higher in case the former group is has to be paid a lower gross salary.

Health care for asylum seekers and refugees

The first group of non-European refugees arrived in the Netherlands in the 1970s. At this time they were incorporated into the regular health care system. By the end of the 1970s, the Dutch government realized that refugees had some specific health needs so which it was difficult for them to find help due to their migratory background (violence, deprivation, uprooting and acculturation) (Ruuk, 2003).

In 1979 the Refugee Health Care Centre was established as part of the Ministry of Health. It offered a first medical reception to invited refugees, and since 1987 also to asylum seekers, gave assistance and counselling to refugees already in the Netherlands and served as a bridge to regular health care by giving advice, consultation, courses and training. Children were provided for by the medical team in cooperation with local child health care services (Ruuk, 2003).

The aim of the medical reception is to increase the accessibility of regular health care for refugees and asylum seekers. The purpose is to function as a bridge to the regular health care institutions and to inform the GP and other primary health care workers in the municipality, in which the refugee is housed, of his health problems and their social and violence-related background, and giving them advice about further support and assistance (Ruuk, 2003).

In 2000, GGD Nederland, the COA and the Ministries of Justice and Public Health decided that asylum seekers should receive medical care from regular (mental) health care institutions, instead of being treated in the reception centres. Asylum seekers would be given more responsibility over their own medical care and the medical reception in the

centres could give more attention to prevention and education (Ruuk, 2003). Since January 1, 2000, medical care for asylum seekers has been placed within the regular health care system.

4 Undocumented migrants in the Netherlands

While little information is generally available on undocumented migrants in the Netherlands, we present a number of estimates that aim to provide a first indication of the nature and extent of the phenomenon in the country. According to estimates of Heijden, Gils, Cruijff, & Hessen (2006) for the period of April 2005-2006, the number of illegal residents in the country was approximately 129,000 persons including 88,000 illegal residents of non-European origin and 41,000 illegal residents from European countries. The authors further estimate that this figure includes around 8,500 former asylum seekers.

According to Engbersen et al.(2002), the number of legally working illegal residents has nearly ceased to exist, which suggests that the implementation of the Linkage Law has resulted in the formal labour market to become blocked for illegal residents. The Linkage Law further ensures that illegal residents cannot make use of the social security system anymore. This, possibly coupled with fiercer labour inspections on legal employment relations has furthermore led to the increase of illegal work outside the observable relations. This shows in the increase of skimpy employment intermediation bureaus that has further increased the dependency of illegal residents on them as well as family and friend networks. In practice, this has led to illegal residents pursuing the same work as before but facing worse work conditions. Illegal employment is common especially in the hotel and catering, personal services, farming and cleaning sectors where labour inspections are relatively more difficult. The illegal population is estimated to be unequally spread throughout the country with high concentration in the four big cities of Amsterdam, Rotterdam, The Hague, Utrecht, as well as in the regions with high demand for low-skilled workers in the farming and horticulture industry. Undocumented migrants are not eligible for social protection schemes.

The Linkage Act (Koppelingswet, 1998) made the situation for undocumented migrants for difficult and precarious with regard to health care and other social provisions (i.e. public housing). Some undocumented migrants who were receiving social benefits before the Koppelingswet was introduced continue to receive benefits either from the social service or from special funds created by local governments. On some occasions municipalities decide to offer reception facilities to some undocumented migrants.

Foreigners without legal residence were to be excluded from health insurance. This resulted in a difficult situation for medical providers as well as illegal immigrants. Medical providers had the continued obligation to provide health support in cases of emergency but they no longer were provided with the financial means to cover treatment costs for illegal immigrants. A precondition to the acceptance of the Linkage Law was that medical care was still available in case of 'urgent need' as well as for the prevention of public health danger (the Linking Act changed Article 8b of

the Dutch Aliens Act) (Beckers, 2006). Due to strong opposition, the minister responsible changed the definition of 'urgent medical care', and stated that every doctor has an obligation to help anybody regardless of his or her position in society, race, belief, etc. Instead of the word 'urgent', the term 'necessary' is used (PICUM, 2002). Cases that are considered are:

- In case of or for the prevention of life threatening situations, or situations of permanent loss of essential functions.
- In case there is a danger for a third party, e.g. certain contagious diseases (in particular TB) and for psychological disturbances and consequent aggressive behaviour.
- Pregnancy care (before and during birth).
- Access for children without a status to preventive Health Care and to a vaccination programme similar to the national vaccination programme.

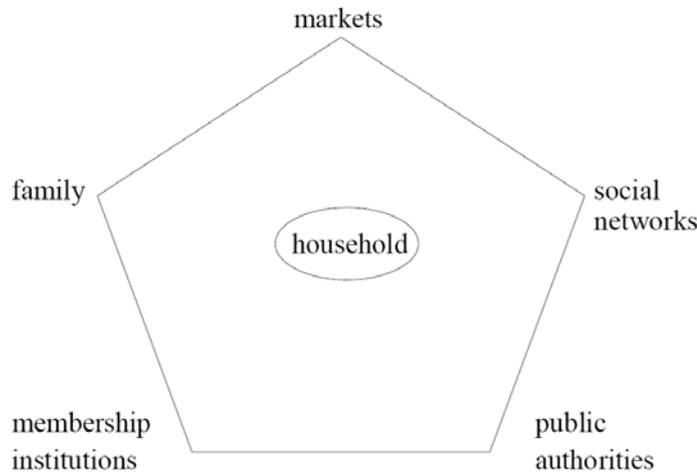
Because of many misunderstanding in the meaning of what is covered, to ensure that these medical costs were not to be born by the providers, two legal provisions were implemented by the government. First, provision is for hospitalization. Hospitals have a special write-off for unpaid bills ('dubieuze debiteuren'). The Koppelingsfonds (i.e. Linkage Fund), with an initial budget of €5 million was set up to cover primary medical costs, such as doctors, obstetricians and pharmacies (to compensate doctors for the loss of earnings). The government enabled hospitals, rehab centers and ambulatory health clinics to set up a budget to cover for unpaid bills (i.e. dubieuze debiteuren) from treatment of illegal immigrants (Beckers, 2006).

4 Understanding informal social protection in the Netherlands

What happens when immigrants do not have access to formal social protection systems in the Netherlands? When migrants do not have access to formal social protection they turn to other means to gain social protection (protection from risk and vulnerability). The theoretical framework of the Welfare Pentagon explains these possibilities for other forms of social protection. The Welfare Pentagon embodies the five central institutions that households or individuals could use to assuage needs in a given society (family, markets, social networks, membership institutions and public authorities), see Figure 1.² Even though historical and geographical appearances differ, these institutions are found in all societies across time and locations. The relevance of each institution and the exchanges between households and these institutions may differ by society and over time.

Figure 1. The Welfare Pentagon

² The Welfare Pentagon is a central and distinctive element in the 'Social Risk Management' approach as developed by de Neubourg (2002) and (Neubourg & Weigand, 2000). The Social Risk Management framework is formulated to analyze the role and scope of public interventions and foremost, but not exclusively, that of public social protection policies.



Source: (Neubourg, 2002)

Households use the institutions of the Welfare Pentagon in their livelihood strategy in order to generate income but also to smooth consumption; labour markets, product markets and capital markets allow households to trade and exchange in order to secure resources to satisfy the main needs at a certain moment. On the labour market households exchange effort for a (future) wage; on product markets households trade effort for a (future) profit; on the capital market households trade income for future income by investments, savings, insurances, borrowings and the like. Families, social networks and membership institutions address the livelihood risk by means of various (and different) mechanisms of solidarity. Membership institutions are institutions of which individuals can become a “member” and from which they can resign (households or individuals enter and exit membership institutions). Examples of such institutions are unions, mutual insurance companies, religious organisations, co-operatives or neighbourhood associations. As the fifth corner of the Welfare Pentagon, public authorities can assist households directly by means of public social protection (pension schemes, child benefits, unemployment insurance and other forms of social insurance) but also indirectly by enforcing contracts through a judicial system, introducing legislation aimed at correcting market failures (such as minimum reserve requirements for banks so that the savings of the households are guaranteed) and many other public actions. Although it is hard and unusual for households to go without the institutions of a welfare pentagon, households can also internalize income generating activities and consumption smoothing by autarchic home production, accumulating physical assets or holding cash savings.

In order to be able to follow a particular consumption smoothing strategy, households and individuals need *access to the relevant institutions* of the welfare pentagon. Obtaining a social security benefit requires access to the public authorities that control the social benefit; obtaining a (legal) wage depends on your access to the (legal) labour market; getting support from a family member implies having access to a family. In addition to access to a particular institution, a specific consumption smoothing strategies typically also *requires some kind of asset*. Assets can be financial (cash, money on a bank account, stocks), physical (land, house, life stock, machines, jewellery), human (education, skills),

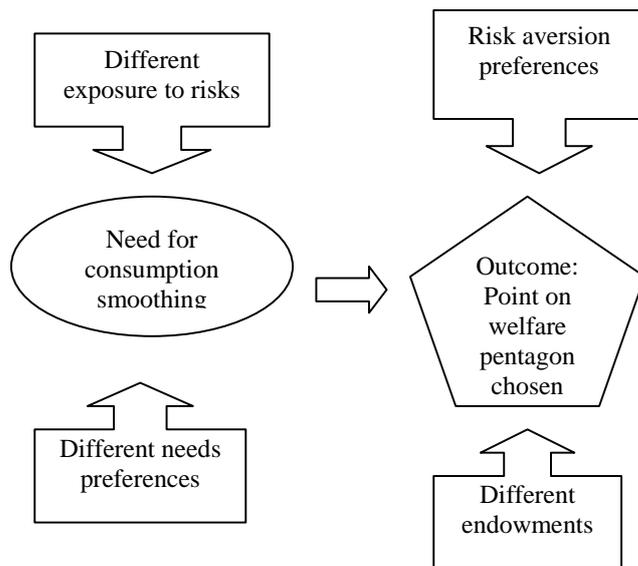
social (family ties, acquaintances, trust) or collective (citizenship, contribution record). For instance, households can buy insurance against certain risks on financial markets using part of their financial assets to pay the insurance premium. Alternatively, households can be insured for certain risks by public authorities through paying taxes or social insurance contributions or simply by being a citizen. On the other hand, they can rely on social networks or family to compensate them after a shock occurs. Depending on the characteristics of these arrangements a social input is required. This input can take the form of a promise of reciprocity, a ‘good’ reputation or a family relation.

So far we implicitly assumed that all households are equal. However, households differ in their initial endowments due to two main reasons: firstly, they are not equal in their capacity to produce wealth (e.g. for reasons related to household composition, health, intrinsic productivity etc.) and secondly, they are “born in an income distribution” (allowing for endowed wealth to be passed from past generations to present ones). These are important differences because their existence implies that households differ in the access to the institutions and assets of the welfare pentagon, thus in their access to the consumption smoothing channels and thus in their capacity to follow a successful livelihood strategy. Households also differ in their exposure to risks (meaning that some households are plagued by more “bad luck” than others) and in their preferences. Two sets of preferences are important in this respect: the preferences defining the “needs” of the household members (see also footnote 11) and the preferences regarding to degree of risk aversion they find acceptable³.

As a result of the differences spelled out above (initial endowment, needs definition and degree of risk aversion), households adopt different income generating and consumption smoothing strategies or in other words, households differ in their consumption smoothing portfolio or in their particular place in the 5-dimensional space defined by the Welfare Pentagon. The theoretical framework allows households to choose many “points of welfare production within the 5-dimensional welfare space” all leading to the satisfaction of their needs. As already indicated, several institutions are active in providing assistance with the same consumption smoothing strategy. A part of the population may not have access to a particular consumption smoothing channel because it lacks the required assets to establish an exchange relationship with an institutional counterpart. Figure 2 illustrates the consumption smoothing decision and the different factors affecting it.

Figure 2. The consumption smoothing decision

³ The degree of risk exposure of households is not just randomly distributed among households in a particular society but is positively biased towards the “poorly endowed” households, meaning that poor households run higher risks to be confronted with “bad luck” because they are concentrated in neighbourhoods with a higher than average propensity to e.g. crime, physical damage due to earthquakes, flooding, drought, bad harvests and health hazards due e.g. to bad water conditions.



The results of the differences in the economic activities of households (production points in the welfare pentagon space), which can include migration, lead to an income distribution and a corresponding consumption distribution. In that distribution, some households can smooth consumption and satisfy their needs and some others are “poor” in the sense that they have not enough means to smooth consumption so that their needs are always satisfied.

In the case of undocumented migrants in the Netherlands, they usually do not have access to the formal parts of the welfare pentagon like formal labor markets and formal social protection via public institutions. In this case, undocumented migrants will turn to in formal parts of the welfare pentagon. They will work in the informal economy, they will use their personal networks and family more where it is possible to deal with their needs.

5 Conclusions

Immigrant access to social protection in the Netherlands has changed quite noticeably over time but immigrants have always been in a lesser position when compared with natives with regard to access to social protection. In the early years of migration social protection was limited for migrants since they were intended to return to their country of origin. Once it became clear that many migrants where in the Netherlands to stay it became increasingly clear that they would also need access to social protection. The system was quite generous for both natives and immigrants in the 70s and 80s. In the 90s, benefits were cut back for everyone. It is more difficult to stay a beneficiary for a longer period of time. The most notable changes have come since 2000.

Three major events have made drastic changes to the social protection situation of migrants. First the composition of the migrants have been changed over the last 10 year with less asylum seekers, less immigrants coming in for family reasons, less low skilled workers and more highly skilled workers; this leads to less need for migrants to use the

social protection system since highly skilled workers are less vulnerable to unemployment and other forms of involuntary economic inactivity. Since the 1990's the Dutch government has implemented an activation policy for social benefits recipients; this has pushed a large number of people (temporary) back the labour market; it has pushed more migrant workers back to the labour markets for the simple reason that they were overrepresented among the non-active social benefit recipients. The implementation of the linkage act has made it practically impossible for migrants to claim social benefits since this would lead immediately to the loss of their resident permits or the a refusal of renewal of the resident permit at a specific time.

It has become increasing clear that there is a mismatch between contributions of migrants (particularly non-permanent migrants) and their access to social protection. Since everything is linked to the duration of stay and residence permits will not be renewed with out more or less perfect conditions of the migrant (including always working and having health issuance) it becomes almost impossible for many migrants to benefit from the contributions they (and their employers) make.

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| Timeline | Immigration policy | Integration policy | Immigration empirics/ trends | Social policy implications |
|--------------------------------------|--|--|--|-----------------------------------|
| After-war period | The right to repatriate to the Netherlands from Indonesia | No need perceived for an explicit integration policy | Immigration as a decolonization process: repatriation from Indonesia; migration from the Caribbean territories | Legal migrant have limited rights |
| 1960s (economic expansion) | Labour recruitment agreements: Spain (1961), Portugal (1963), Turkey (1964), Greece (1966), Morocco (1969), Yugoslavia and Tunisia (1970) Lenient policy enforcement: possible retroactive regularization of a residence status | Integration as a welfare policy Lack of coordinated central government intervention Support for own ethnic cultural education and mother-tongue teaching | Large-scale labour immigration though recruitment channels as well as unofficial channels | Legal migrant have limited rights |
| 1966-67 (first recession) | Work permit restrictions for the unofficial migrants | Private actors involved in welfare services provision | Limited effects of recession on immigration | |

| | | | | |
|---|---|--|---|---|
| <p>1970s (economic recovery)</p> | <p>Foreign “Memorandum Employees”:</p> <ul style="list-style-type: none"> - refusal to consider the Netherlands as an immigration country - recognition of immigrants’ contribution for the Dutch economy - proposal for a rotation system | | <p>Peak in immigration</p> <p>Continuing permanent relocation of newcomers: immigration from Suriname; family reunification from Morocco and Turkey</p> <p>Permanent settlement of many guest-workers (mostly Turkish and Moroccan workers)</p> | <p>1974-“Memorandum of Reply”, explicitly stated that the Netherlands had responsibilities to the guest workers and that, a policy to accommodate them in the Dutch society as long as they would remain in the country, was imperative.</p> |
| <p>1973 -(second recession)</p> | <p>The end of recruitment for foreign workers</p> <p>Tighter control of immigration</p> <p>Internationally oriented approach: objective to change the structural conditions as the cause of migration</p> | | | <p>This accommodating policy had two main elements: giving guest workers improved access to public services/social security and providing cultural support. As for the access to public services, housing was a priority but later, as migrant workers became more regionally concentrated, municipalities started to provide better access to health care, social assistance based income support and education.</p> |
| <p>1974</p> | <p>“Memorandum of Reply”:</p> <ul style="list-style-type: none"> - limit labour migration to a minimum - immigration considered temporary - recognition of obligations towards immigrants - integration with preservation of cultural | | | |

| | | | | |
|--|---|---|--|--|
| | identity Implementation of REMPLOD programme: Encouragement of return migration; support the establishment of new businesses by returnees | | | |
| 1980s (recognition of immigration) | Further efforts to limit immigration: visa requirements for countries with high emigration potential Easing the requirements for family migration Foreign Employees Act | 'Minorities Policy': - immigrants expected to stay permanently - need for more integration policies - aims to stimulate equality of vulnerable groups - preservation of own cultural identity | Continuing and peaking family migration A peak in asylum-seekers migration A peak in migration from Suriname | Legal migrants have full rights to social security. There is a generous system for everyone. |
| 1983 | 'Memorandum Minorities Policy': - recognition of immigration - favourable for family migration | Projects for language training of minorities to learn Dutch Aims for improvement of minorities' labour market position Enabling foreigners full access to social housing | | |

| | | | | |
|---------------------|--|---|--|--|
| <p>1990s</p> | <p>Restrictions on family migration</p> <p>Attempts to reduce irregular migration</p> | <p>Move from collective ethnic policy (multiculturalism) towards a more individualistic approach</p> <p>Policy focus on new immigrants in disadvantaged situations</p> <p>Focus on housing, education, employment; less emphasis on cultural dimensions</p> <p>Decentralization of integration policy</p> | <p>Requests for refugee status remain high</p> | <p>Social Security legislation changes for everyone. It is more difficult to stay a beneficiary for a longer period of time.</p> |
| <p>1994</p> | | <p>Equal Treatment Act: covers domains such as education, employment, housing, and the provision of goods and services</p> | | |
| <p>1995</p> | <p>Foreign Workers Employment Act:</p> <ul style="list-style-type: none"> - priority labour supply for workers within EEA | | | |

| | | | | |
|--|--|---|---|---|
| 1996 | | Act regulating adult and vocational education: establishment of Regional Education Centres for provision of Dutch language training, adult and vocational training | | |
| 1998 | Linkage Act: exclusion of irregular immigrants from public services | <p>'Newcomers Integration Act': obligation for new immigrants to follow courses of language and civic orientation and orientation training for education or employment</p> <p>"Covenants": agreements between the government, trade associations and companies for improvement of employment conditions for ethnic minorities</p> | | |
| 2000s (business-oriented policy) | <p>Tightened restriction for migration of low-skilled, irregular migration, family migration</p> <p>Encouragement of skilled</p> | | <p>Slight drop in family migration</p> <p>Increase in migration from new EU member states (mainly Poland)</p> | <p>Employment insurance compulsory (linked to legal residency) giving entitlements to unemployment, disability,</p> |

| | | | | |
|------|---|---|-------------------------------------|--|
| | migration | | Drop in requests for refugee status | illness, etc. Linkage Law brought into force making access to the social system of the country more difficult. Health insurance compulsory for all legal residence from Jan.1, 2006. Permanent residences have most entitlements. |
| 2001 | Aliens Act: tightens the criteria for a refugee status; introduced a fast-track assessment | Creation of a new Minister for Integration and Immigration | | |
| 2004 | Transition period for workers from the new EU member states | | | |
| 2004 | Knowledge Migrant Scheme: encouraging and facilitating immigration of highly-skilled migrants | | | |
| 2005 | | The Law on Integration Abroad: civic integration test as a requirement for family migration | | |
| 2006 | “Memorandum Toward A Modern Migration Policy”: The focus on needs of Dutch economy and society. | | | |
| 2006 | Scheme for self-employed: removing the obstacles | | | |
| 2007 | “Pardon Scheme”: grants residency permit to aliens who submitted an asylum application under the old Aliens Act and still live in the Netherlands | The civic integration test no longer required, but still need to be passed to be able to acquire the permanent citizenship status Civic integration duty extended to oldcomers not | | |

| | | | | |
|------|---|---------------------------|--|--|
| | | holding Dutch citizenship | | Nonpermanent residences have limited access to social protection in reality. |
| 2007 | The end of transition period for workers from eight new member states | | | |

Source: De Neubourg, Beckers and Hercog (2008) and own contributions on social protection

Appendix: Current Social Security System in the Netherlands (Ministry of Social Affairs and Employment, 2008)

General Child Benefit Act (AKW)

The General Child Benefit Act (AKW) offers people living and working in the Netherlands a financial allowance (child benefit) for the costs of care and maintenance of children up to the age of 18.

Who is eligible?

Parents of children up to the age of 18 are entitled to child benefit. The amount of the child benefit depends on the age of the child. With regard to children born before 1 January 1995 the size of the family is also taken into account. A child counts as one or two children for benefit purposes depending on whether the child lives at home or away from home, any income from labour the child might have and, in certain cases, the size of the parental support contribution.

General Old Age Pensions Act (AOW)

The AOW provides entitlement to old age pension for people who are aged 65 and over.

Who is eligible? If you have been living in the Netherlands between your 15th and 65th birthday, you will be entitled to AOW. Entitlement to AOW pension is accumulated at a rate of 2% for each year of insurance. A person who has not lived continuously in the Netherlands between the ages of 15 and 65 and therefore has not been insured continuously, will not receive a full AOW pension. A 2% reduction is made on the full pension for each year of non-insurance.

Sickness Benefits Act (ZW)

The Dutch Civil Code stipulates that employers must continue to pay at least 70% of the sick employees' salaries for the first two years of their sick leave. In the first year of sickness this amount should not be less than the applicable minimum income. The employer continues paying salary until the employee has been on sick leave for 104 weeks, but never longer than the duration of the contract. Persons who no longer have an employer can claim sickness benefit under the Sickness Benefits Act.

Who is eligible?

The Sickness Benefits Act only serves as a safety net for people who have no (longer an) employer and in some special situations. These are for instance the following persons:

- employees who lost their job in the first two years of their sickness benefit;
- temporary workers without a permanent contract with the temping agency;
- persons voluntarily insured;
- home workers;
- trainees;
- unemployed people.

In addition, in the following circumstances sickness benefits may be claimed:

- on sickness prior to or following on from the 16 weeks of maternity benefit to which employees and civil servants are entitled under the Work and Care Act;
- on the bankruptcy of the employer who continues to pay the salary;
- on sickness in the first five years after an employee with a no-risk policy has entered employment (with regard to people entitled to Wajong, on sickness for an unlimited period of time);

- on sickness caused by an organ donation.

Disability Insurance Act (WAO)

The WAO was succeeded on 1 January 2006 by the Work and Income according to Labour Capacity Act (WIA). If you are already on WAO benefit, you remain covered by the WAO. But you can be re-examined according to more stringent criteria. This may have consequences for the level of your benefit.

Who is eligible?

Only people who became ill before 1 January 2004.

Work and Income according to Labour Capacity Act (WIA)

The WIA provides for employees entitled to occupational disability benefit upon full and permanent occupational disability. Those still able to work partially will receive a supplement to their wage.

Who is eligible?

For employees who became ill on or after 1 January 2004, a qualifying period of 104 weeks applies. Then, they are entitled to benefit under the WIA, provided they are at least 35% occupationally disabled.

Unemployment Insurance Act (WW)

The WW insures employees and civil servants who become unemployed against the financial consequences of unemployment. As of 1 October 2006, a lot has changed in the duration and amount of the benefit.

Who is eligible?

In order to become eligible for WW benefit you must at least:

- be below the age of 65;
- lose at least five working hours per week (or for those working less than ten hours per week, at least half the working hours);
- no longer be entitled to wages for these lost working hours;
- be available for work;
- not be on Sickness benefit, WAO benefit upon full occupational disability, or IVA benefit;
- not be in receipt of WGA benefit (unless you had a job in addition to the WGA benefit and lost that job);
- meet the requirement of '26 out of 36 weeks': you must have been employed for at least 26 weeks in the 36 weeks before the first day of unemployment. Weeks during which you carried out work as a self-employed person do not count. Weeks which have already been incorporated with regard to a previous benefit do not count.

Self-employed Persons Disablement Benefits Act (WAZ)

The WAZ was abolished as of 1 August 2004. The WAZ used to insure self-employed persons, professionally collaborating spouses and professionals such as managing directors/majority shareholders and home care workers, against a loss of income resulting from long-term occupational disability.

Only self-employed persons who became occupationally disabled before that date could, after a qualifying period of one year (so by 1 August 2005 at the latest), be eligible to receive WAZ benefit.

A self-employed person who was already on WAZ benefit on 1 August 2005 will continue to receive this as long as the following benefit conditions are met:

- the self-employed person is more than 25% occupationally disabled;
- the self-employed person is younger than 65;
- the income at the time of the illness was (partly) earned by working as a selfemployed person.

Alternative insurance

Self-employed persons may now take out private insurance against the risk of occupational disability. A person who appears to have difficulty in obtaining insurance is eligible for an alternative insurance if he applies for a private insurance within three months after having started up his business.

People entitled to WAZ benefit who are declared fully fit for work after a re-examination and who do not have a supplementary private occupational disability insurance can also make use of the alternative insurance if they apply for a private insurance within three months after the WAZ benefit was ended.

No medical acceptance or age limit applies to this alternative insurance.

Disablement Assistance Act for Handicapped Young Persons (Wajong)

The Wajong makes provision for a minimum benefit for young handicapped persons.

Who is eligible?

A person is eligible for Wajong benefit if he is living in the Netherlands, is below the age of 65, and

- is at least 25% occupationally disabled on the date on which he reaches the age of 17, or
- becomes at least 25% occupationally disabled after this date (but before his 30th birthday) and has been a student for at least six months in the year prior to the occupational disability.

Regulations governing Contributions towards the Upkeep of Disabled Children living at Home (TOG)

The TOG scheme provides for an additional allowance, apart from child benefit, to parents for the upkeep of a disabled child living at home.

Who is eligible?

A person living in the Netherlands and caring for a disabled child at home is eligible for the allowance under the following conditions:

- the disability of the child is the consequence of one or more disorders of a physical, intellectual or mental nature on the basis of which a positive indication could be given for admission to a AWBZ institution;
- because of the disability, the child is considerably more dependent on care, guidance and supervision than a healthy child of the same age;
- the child is aged at least 3 years and not older than 17.

From the age of 18 onwards, the child itself can become eligible for benefit under the Disablement Assistance Act for Handicapped Young Persons (Wajong).

Supplementary Benefits Act (TW)

The Supplementary Benefits Act supplements benefits up to the guaranteed minimum income if the total income of the person entitled to the benefit and his partner, if any, is below this.

Who is eligible?

People entitled to ZW, WW, WAZ, Wajong, WAO, WIA or Wamil benefit. A supplement is sometimes also possible on top of the benefit in connection with pregnancy, delivery, adoption and foster care under the Work and Care Act.

Act on Income Provisions for Older or Partially Disabled Unemployed Persons (IOAW)

The IOAW provides an income guarantee to older unemployed persons at the level of the guaranteed minimum income.

Who is eligible?

- Unemployed persons aged 50 when they became unemployed and who have received wage-related benefits (plus the subsequent benefit if they were still entitled to them) under the Unemployment Insurance Act (WW);
- Persons who are partially occupationally disabled and were already in receipt of IOAW benefit on 28 December 2005 and who are not entitled to a supplement under the Supplementary Benefits Act, because they have a partner born after 31 December 1971 and do not have a child at home below the age of twelve years.

IOAW benefit links with WW benefit.

IOAW benefit supplements the total income of the unemployed and their partner (income from labour, benefits, pensions) bringing it up to the guaranteed minimum income level. Assets, such as a private home or savings, are disregarded.

Act on Income Provisions for Older or Partially Disabled Formerly Self-employed Persons (IOAZ)

The IOAZ provides an income guarantee to older self-employed persons at the level of the guaranteed minimum income.

Who is eligible?

- Self-employed persons aged 55 or over who, according to expectations, derive income from a profession or from business activities which is less than the calculated minimum income for self-employed persons (€ 19.708,-) and are thus forced to end their professional or business activities.
- Claimants only qualify if their average annual income has been below €21.914,- for the three years preceding the claim and is not expected to exceed €19.708,- in the future.
- A claimant must have been engaged in business or professional activities for at least ten years, or three years with seven years in employment prior to this.
- Persons who are partially occupationally disabled and were already in receipt of IOAZ benefit on 28 December 2005 and who are not entitled to a supplement under the Supplementary Benefits Act, because they have a partner born after 31 December 1971 and do not have a child at home below the age of twelve years.

The benefit becomes payable after the profession or business activities have ceased. The IOAZ benefit supplements the total income of the claimant and his partner (income from

labour, benefits, pensions) up to the guaranteed minimum income level. Assets up to a value of **€117.004,-** are disregarded. The extra assets are regarded as yielding 4% annual returns, which will be deducted from the benefit. An amount of not more than **€110.933,-** for supplementary pension provisions will not be taken into account with regard to people who are in receipt of IOAZ benefit and have a pension deficit.

Work and Benefits Act (WWB)

The WWB provides a minimum income for all persons residing legally in the Netherlands with insufficient financial resources to meet their essential living costs. You are required to do your utmost to support yourself again and you are obliged to take on generally accepted employment. If you are not successful in getting back to work, the social services, the CWI and/or a reintegration organisation may offer you support in finding work or schooling.

If, for instance, you are in receipt of maintenance, benefits or income from paid work, the Act provides a top-up to the social assistance level. Assets above a certain amount are taken into consideration (there is an allowance of **€10.650,-** for families and **€5.325,-** for single persons). If the assets are tied up in a house, the assistance will be given in the form of a loan (equitable mortgage) that must be repaid. In that event, there is an asset allowance of not more than **€44.900,-**.

The WWB provides for national standards for persons aged between 18 and 21, between 21 and 65 and for persons aged 65 or over. The Act makes a distinction between:

- married couples, registered partners or unmarried partners cohabiting;
- single parents (caring for one or more children under the age of 18);
- single persons.

Each group has a separate standard amount. For married couples and cohabiting partners aged between 21 and 65 this is 100% of the net minimum wage, for single parents aged between 21 and 65 this is 70%, and for single persons aged between 21 and 65 this is 50%.

The point of departure for the standard amount for single parents and single persons is that (housing) expenses can be shared with other people. If this is not or is only partly the case, the municipal authorities can award a supplementary allowance of no more than 20% of the net minimum wage.

People aged 65 or over who have not built-up a full AOW pension can receive a supplement under the WWB up to the level of the net AOW pension.

The level for young persons between the ages of 18 and 21 is based on the child benefit. If these young persons are faced with higher essential living costs, then their parents are responsible for these. If they cannot rely on their parents, they may be able to receive income supplement via the special assistance scheme. The local authorities determine the level of special assistance.

The ZVW

The Zvw is a form of insurance against medical expenses. All persons residing in the Netherlands, who have AWBZ insurance by law, are obliged to take out a healthcare insurance, because everyone who requires medical care must be able to receive it.

The healthcare insurance consists of a basic package. In addition, it is possible to take out supplementary healthcare insurances on an individual basis. Insurers are required by law to accept anyone who registers for the basic insurance. The composition of the basic insurance package is determined by the government.

What is the amount of the contribution?

The healthcare insurers determine the amount of the fixed (nominal) healthcare contribution themselves. The monthly contribution can therefore differ per insurer. No contribution is required for children under the age of 18. In addition to the contribution to the healthcare insurer, an income-related contribution is paid to the government. This contribution is automatically withheld from wages/the benefit by the employer or benefits agency, but is also, in large part, reimbursed by them.

Depending on your income, you may be eligible for an allowance: the care allowance. This allowance must be applied for from the tax authorities. Information about the care allowance can be found on www.toeslagen.nl.

Exceptional Medical Expenses Act (AWBZ)

The AWBZ is a National Insurance Scheme against the risk of exceptional medical expenses for which people cannot be insured on an individual basis. Everyone who resides or works in the Netherlands has AWBZ insurance and is entitled to AWBZ-care reimbursement.

AWBZ insurance provides cover against major medical risks not covered by the healthcare insurances. An example in this respect is admittance to an AWBZ institution (such as nursing and care homes), including receipt of the necessary care. An insured party automatically receives AWBZ insurance from his or her healthcare insurer. The administration of AWBZ insurance is delegated by healthcare insurers to regional healthcare offices.

What is the amount of the contribution? The AWBZ contribution is income-related and is withheld from wages/the benefit by the employer or benefits agency. In most cases, an (income-related) own contribution is required when use is made of AWBZ care.

Benefits abroad

Your benefit will only be paid abroad if you live in an EU/EEA country, the Netherlands Antilles, Aruba or a country with which the Netherlands has entered into a treaty for proper control of the payment of benefits. This relates to AOW, WAO, WIA, WAZ, Anw, the Sickness Benefits Act and child benefit. Therefore, any person moving to a country with which the Netherlands does not have a treaty will lose the right to benefit.

There is an exception with regard to the AOW. A person aged 65 does not lose the full right to AOW pension when he moves to a non-contracting State. However, regardless of the actual situation, this person will only become eligible for an AOW pension for married couples without a supplement (a maximum of 50% of the net minimum wage).

You can find a current summary of the contracting states on www.szw.nl.

Supplementary Benefits Act

You will lose the right to supplementary benefit if you move abroad. Since 5 May 2005, you will also lose the right to supplementary benefit if you move to another country in the EU/EEA or to Switzerland. The following exceptions apply to this rule:

On the basis of case law, you will retain your supplementary benefit if you move to: Bosnia-Herzegovina, Brazil, Canada, Chile, Cyprus, Israel, Cape Verde Islands, Croatia, Macedonia, Malta, Morocco, New Zealand, Serbia-Montenegro, Slovenia, Tunisia, United States and South Korea. The Dutch government intends to adjust the existing treaties with these countries. Therefore, the export of the supplementary benefit to these countries will be discontinued in the future.

Persons on disablement benefit or sickness benefit who live elsewhere in Europe (European Union, Norway, Liechtenstein, Iceland and Switzerland), will temporarily keep their right to any supplement to their pension based on a transitional scheme. The supplementary benefit will be cut back in three stages. During 2007 these persons remained eligible for the benefit; on 1 January 2008 the benefit was reduced by one third.

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