

Dutch benefits outside the Netherlands

Employee Insurance Agency's
export benefit services and
enforcement

2022



Algemene
Rekenkamer

Inhoud

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1.

Executive summary

All employees in the Netherlands pay employee insurance contributions and are entitled to social security benefits if they become ill, unemployed or medically incapable of working. Subject to certain conditions, they can enjoy their accrued rights outside the Netherlands. The House of Representatives first debated the provision and control of benefit payments outside the Netherlands in the 1990s.

The House debated the issue again in 2018-2020, when the Netherlands was negotiating a European Commission proposal to extend the right to export unemployment benefit from 3 to 6 months. During the same period, a television programme reported three times on benefit fraud committed by migrant Polish workers, which again prompted questions in the House.

This audit has 3 objectives. Firstly, we want to present the facts regarding the amount, development and causes of benefit exports in 2018-2020. Secondly, we want to ascertain whether the Employee Insurance Agency (UWV) exercises its powers in full outside the Netherlands. Thirdly, we want to determine whether the quality of UWV's provision and control of benefit payments outside the Netherlands is satisfactory.

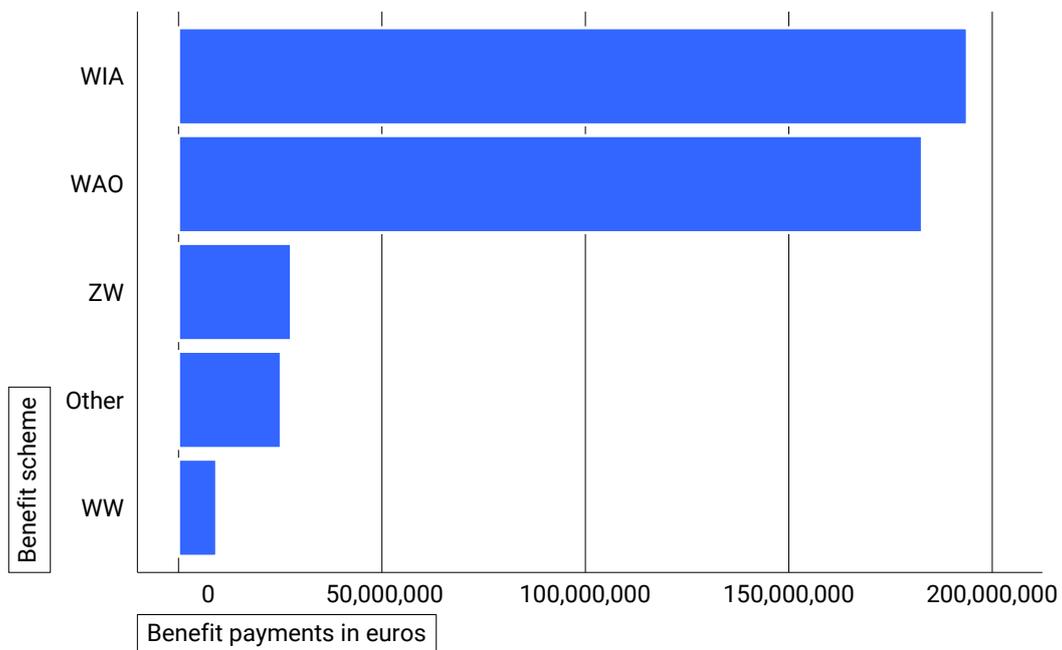
1. Amount, development and causes of benefit exports

On average, UWV paid out €423 million a year to people living outside the Netherlands in 2018-2020. This is equal to 2% of all benefit payments (totalling €20 billion) paid out each year over the same period. The highest total payments were made to people in Germany, Belgium and Turkey.

Incapacity and invalidity benefits accounted for 88% of all benefit exports in 2020, totalling €377 million.

Incapacity benefit exported under the Work and Income (Capacity for Work) Act (WIA) rose by 25% between 2018 and 2020, from €155 million to €194 million. Sickness benefit exports rose by 24% during the same period, up from €22 million to €28 million. This rate of increase will probably continue in the years ahead on account of the increase in labour migration to the Netherlands and the growth of remote working. More opportunities to work remotely will enable more employees of Dutch employers to live outside the Netherlands. If they become ill or incapacitated, they will probably export their benefits.

WIA and WAO exports by far the largest



Amount of exported benefits in 2020.

WIA: Incapacity benefit

WAO: Invalidity benefit

ZW: Sickness benefit

WW: Unemployment benefit

Unemployment benefit represented 2% of total benefit exports in 2018-2020, averaging €12 million per annum. Unemployment benefit exports declined by 30% from €13 million to €9 million during this period. The downward trend accelerated in 2020 as the COVID-19 crisis encouraged more migrant workers to return home without first remaining available in the Dutch labour market for 4 weeks as required.

Of the total unemployment benefit exports in 2018-2020, 86% were exported to Poland. The total financial amount of these benefits, however, was relatively low as Polish labour migrants often work on short-term contracts for lower wages. They are also more likely to lose their jobs than Dutch nationals in the same circumstances, as well as being more likely to lose their access to housing and healthcare services in case of job-loss.

If the right to unemployment benefit were extended from 3 to 6 months, only a small group would, probably, be able to exercise this right. About half of the 10,800 unemployment benefit exporters in 2018-2020 were entitled to the benefit for 3 months, or less. Only 21% of them would be entitled to unemployment benefit for 6 months (on average 741 persons per annum).

2. UWV's powers abroad

We found that UWV worked continuously, despite legal and practical barriers, to provide and control benefit payments abroad, particularly in Poland, Germany and Belgium. We also found that UWV makes full use of its, restricted, powers to carry out medical checks and enforce benefit rules abroad. Furthermore, UWV supplements existing benefit conventions with additional agreements, such as the one concluded with Poland at the end of 2021. UWV, however, could improve the provision of reintegration services for the partially incapacitated.

3. Quality of UWV's activities

Lack of data prevents us from commenting on the quality of UWV's service provision and enforcement outside the Netherlands. Insight into quality is nevertheless important: UWV's work abroad is hampered by limited access to data and by the many and diverse IT systems and national social security systems.

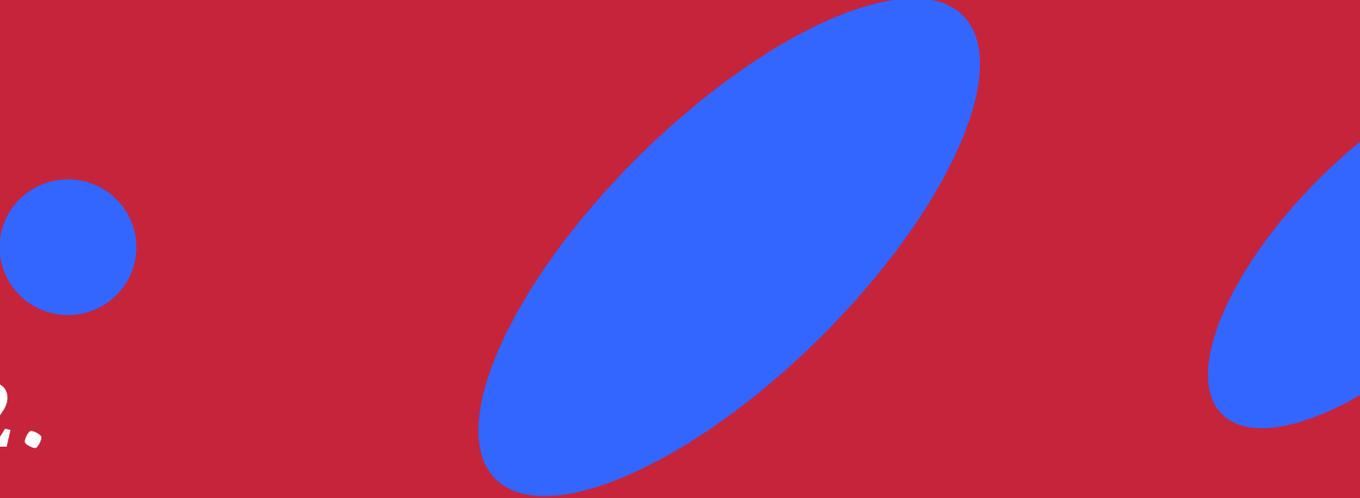
Recommendations

To the Minister of Social Affairs and Employment

1. Periodically analyse the potential risks and opportunities of outsourcing the reintegration services provided to incapacity and sickness benefit recipients and of cooperating with third parties in countries with a relatively high client base, not only in Poland, Germany and Belgium.
2. Reach agreement on the use of available information to gain an insight into the quality of UWV's services abroad, including qualitative information from benefit recipients.

To the Executive Board of UWV

3. Consider employing multilingual staff, e.g. Polish speakers, where advantageous and warranted by the client base.



2.

About this audit

2.1 Background

The House of Representatives heatedly debated control of Dutch benefit exports in 2018, 2019 and again in 2020. It had debated benefit exports on many occasions in the 1990s, too. The debates were prompted by a proposed amendment of an EU social security regulation and television broadcasts on benefit fraud committed by Polish migrant workers.

The European Commission proposed an amendment to Regulation 883/2004, part of the labour mobility package, in 2016. The amendment would increase the right to export unemployment benefits to Switzerland and the other members of the European Economic Area (EEA, all EU member states plus Iceland, Lichtenstein and Norway) from 3 months to 6. The Dutch government has consistently opposed this proposal. The House of Representatives agreed with the government's stance 'to protect our social security system against fraud and benefit tourism' and called for an 'intensification and tightening up of controls of unemployment benefit exports' (Wiersma motion, House of Representatives, 2020a).

Three episodes of the *Nieuwsuur* television programme also led to debates in the House. They featured Polish migrant workers who presumably did not declare time spent outside the Netherlands while receiving unemployment benefit (2018), who presumably did not work during the benefit export period (2019) and who were presumably incorrectly receiving sickness benefit (2020). In response to these

broadcasts, members of the House asked the Minister of Social Affairs and Employment (SZW) about UWV's enforcement of the benefit rules (House of Representatives, 2020a).

The House's debates in 2018, 2019 and 2020 focused on unemployment benefit, Polish workers and UWV's enforcement.

2.2 Objective

In light of the House's debates in 2018-2020, the Court of Audit has investigated the total amount of benefit exports and UWV's activities to provide benefit services and perform benefit checks abroad. This audit has 3 goals. Firstly, we present the facts about the amount, development and causes of benefit exports. Secondly, we analyse whether UWV makes full use of its powers outside the Netherlands. Thirdly, we analyse whether the quality of UWV's activities in respect of benefit exports are satisfactory.

2.3 Audit scope

The audit covers the years in which the House debated benefit exports: 2018-2020. Two far-reaching developments fall partially outside the scope of this audit: the COVID-19 pandemic and a scandal involving childcare benefits.

Because of the COVID-19 pandemic, media and political attention focused on the poor living and working conditions of migrant workers. In response, the Ministry of SZW set up a Migrant Workers Protection Taskforce. Protection of migrant workers has a direct bearing on benefit exports. Some migrant workers have an employment contract that also provides accommodation and healthcare. If they lose their jobs they lose their access to housing and healthcare. At the end of 2020, the taskforce recommended that housing and healthcare should be contractually separate from employment wherever possible. It also made recommendations to improve regulation of the temporary employment market in order to end rogue employment practices, to prevent the accumulation of debt to employers and to guarantee payment of the minimum wage. Furthermore, the taskforce recommended improvements in the registration of migrant workers' addresses and guarantees on digital access to their files at UWV and elsewhere.

In 2021, a childcare scandal culminated in the resignation of the entire government. The Parliamentary Inquiry Committee into Childcare Allowance concluded at the end

of 2020 that ‘under the pressure of the clamour of overzealous politicians to deal with fraud [...] parents incorrectly found [themselves] branded as intentional fraudsters’. The committee concluded that ‘ruthless application of the legislation’ was ‘totally disproportionate to what they were accused of – mostly wrongly’ (House of Representatives, 2020b). A parliamentary inquiry into fraud policy and service provision commenced in 2022. The childcare benefit scandal also heightened both the government and parliament’s consideration of the necessary balance between enforcement and service provision.

For the purposes of this audit, we understand service provision to mean all the UWV’s activities to help people exercise their rights and fulfil their duties. For example, through its performance of medical checks and help with job applications and reintegration. We understand enforcement to mean all the UWV’s activities to establish the right to a benefit, its duration and amount and to check that all duties are fulfilled. For example, checks of compliance with the duty to seek work, of income and of working hours. Unauthorised stays outside the Netherlands while receiving a Dutch benefit fall outside the scope of this audit. However, the audit does consider the recovery of excess benefit exports in 2018-2020.

UWV’s service provision can also be an act of enforcement. Providing information to the public and other organisations about the rights and duties of benefit recipients, for instance, reduces the number of undue benefit payments and thus the level of enforcement and recoveries.

This audit considers the benefits provided under the unemployment, sickness and invalidity/incapacity schemes, with Germany, Poland, Spain and Turkey as case countries (see appendix 3).

2.4 Structure of this report

This report opens with a brief explanation in chapter 3 of the legal framework in place for benefit exports, including the proposed amendment. Chapter 4 looks at the scale of benefit exports, both in financial terms and by number of recipients. It also considers the causes of benefit exports and the potential impact of the European Commission’s proposal to increase the duration of unemployment benefit exports.

Chapter 5 shows that UWV makes full use of its power to carry out medical assessments and perform checks abroad, despite legal and practical barriers. It also suggests that UWV could improve its reintegration services, especially for the partially incapacitated.

Chapter 6 explains why UWV cannot share information on performance agreements made with the Ministry of SZW regarding the services it provides to benefit exporters. We show why insight into service quality is important and how we believe it can be improved.

Our conclusions and recommendations follow in chapter 7. Chapter 8 presents the response to our draft report of the Minister of SZW and UWV's Executive Board and the Court of Audit's afterword.

3. Right to export benefits

3.1 Dutch legislation

Social security systems were massively expanded in Western Europe in the aftermath of World War II. This happened during a period of virtually full employment. In the 1970s, the systems came under increasing strain from rising unemployment. In the Netherlands, this sharpened the focus on reintegration and enforcement. Attention shifted to benefit exports in the 1990s. Until the end of the 20th century, all Dutch benefits, with the exception of unemployment benefits, could be exported to all countries in the world, as the Dutch social security system had been based on the principle of personality, not territoriality.

The principle of territoriality was introduced into the social security system by the Export of Benefits (Restrictions) Act in 1999. The export of benefits has since been based on EU regulations and bilateral social security conventions. The act was introduced to improve enforcement outside the Netherlands (House of Representatives, 1997).

3.2 EU regulations

Since 1 May 2010, social security has been coordinated by 2 EU regulations: Regulation 883/2004 (the basic regulation) and Regulation 987/2009 (the implementing regulation). Since 1 June 2012, these regulations have also applied to Switzerland and the European Economic Area (EEA, all EU member states plus Iceland, Lichtenstein and Norway). Their purpose is to prevent national social

security systems hindering the free movement of workers. This freedom is founded on the following principles:

1. people can be insured and liable to contributions in no more than 1 country;
2. people from other member states have the same rights and duties as citizens of the member state in which they are insured;
3. the accrual of rights in one member state counts towards a benefit entitlement in another member state;
4. with certain exceptions, a benefit from one member state can be received in another member state.

Some benefits, such as incapacity benefits paid to young disabled people and allowances paid under the Social Security Supplements Act, are not financed from social security contributions and, with certain exceptions, cannot be exported.

Unemployment benefits can be exported, subject to condition, in order to increase the EU territory in which the unemployed can seek new work. Claimants can retain their unemployment benefit and seek work in another member state for up to 3 months.¹ To do so, they must register as jobseekers in the other member state, be subject to checks by that member state and they must first have been available to work in the Netherlands for at least 4 weeks.² Unemployment benefits cannot be exported outside the EEA/Switzerland.

In principle, people who reside in another member state while working in the Netherlands will receive unemployment benefit from their country of residence and are subject to that member state's legal conditions and checks (Regulation 883/2004, article 65). In such cases, UWV must reimburse the competent authority in the country of residence. This is because the employer and employee will have remitted taxes and contributions in the Netherlands yet the country of residence provides the benefit.

Frontier worker or non-frontier worker?

People who work in one member state but reside in another are classified as either frontier workers or non-frontier workers. Under EU regulations, a frontier worker is someone who returns to his or her country of residence every day or at least once a week. The country of residence need not be an adjacent country. A non-frontier worker is someone who works in one member state and resides in another but does not return to the country of residence at least once a week. Non-frontier workers, who reside in another member state while working in the Netherlands, can receive unemployment benefit from UWV if they remain available for work in the Netherlands.

3.2.1 Proposed amendment

In December 2021, negotiators for the European Commission, Council of Ministers and European Parliament reached agreement on a proposal to amend Regulation 883/2004. The amendment would extend the maximum duration of unemployment benefit exports from 3 to 6 months. The Netherlands and several other member states rejected the agreement and the proposal was sent back to the European Commission. At the time of publication, it was not known whether the current French presidency of the Council of the EU would withdraw or revise the proposal.

The European Commission also proposed to replace the country of residence principle with the country of employment principle. Employees who worked in the Netherlands but who reside in another country currently receive unemployment benefit from their country of residence (country of residence principle). The country of residence pays the benefit but did not receive contributions. The Netherlands partially reimburses the country of residence. The European Commission would oblige the Netherlands to pay claimants a Dutch benefit, even if they were residing in another country (country of employment principle). This would apply to frontier workers for up to 15 months and to non-frontier workers for up to 6 months.³

The proposed amendment also includes a proposal allowing member states to exchange information on several benefit claimants simultaneously. The Administrative Commission will draw up an indicative list of the kind of information that can be exchanged under the amended regulation. Regulation 883/2004 currently provides for the exchange of information at individual level only and leaves it to the member states to make further agreements.

4.

Amount and causes of benefit exports

The House of Representatives' debates in 2018-2020 centred on limiting the export of benefits by means of enforcement and by rejecting the proposed EU amendment. The causes of unemployment and sickness benefit exports, particularly to Poland, were not discussed, nor were other ways to limit benefit exports. Neither did the debates consider the potential impact of extending the right to export unemployment benefit.

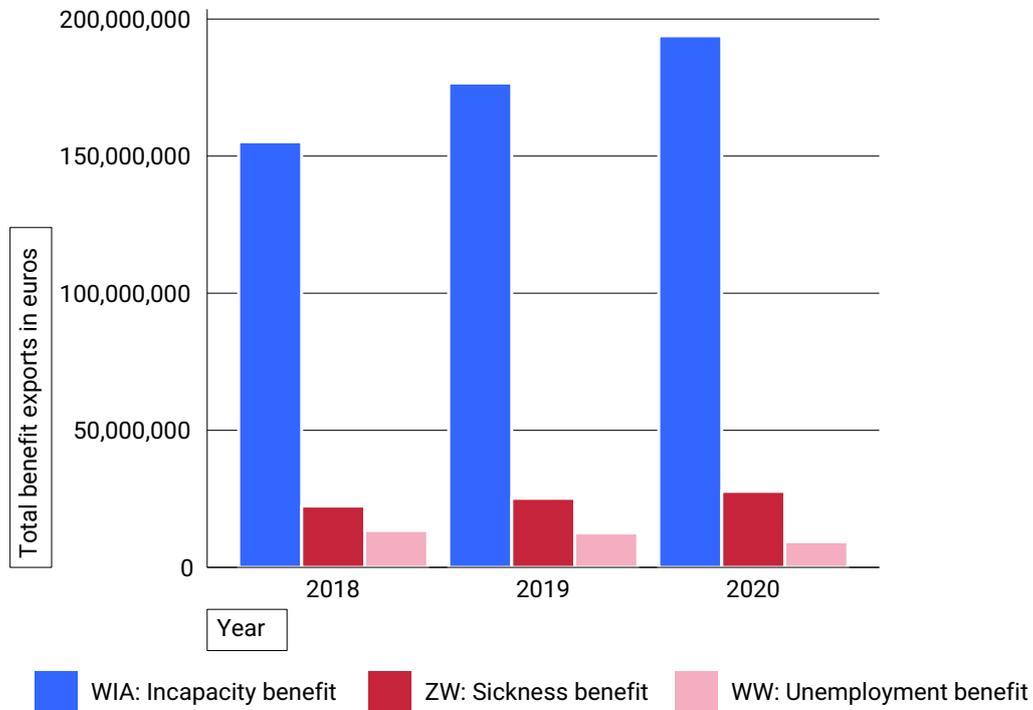
This chapter first puts the amount and causes of benefit exports in perspective. It then considers the potential impact of the proposed EU amendment.

4.1 Incapacity benefit exports high and rising

The amount of benefit exported under the Work and Income (Capacity for Work) Act (WIA) rose by 25% during 2018-2020, from €155 million to €194 million. The export of incapacity benefits for people who were 100% or nearly 100% incapacitated increased by no less than 42% from €72 million to €103 million.⁴ Sickness benefit exports rose by 24% from €22 million to €28 million.

Figure 1. Incapacity and sickness benefit exports increased in 2018-2020, unemployment benefit exports fell. Amounts adjusted to 2020 price levels.

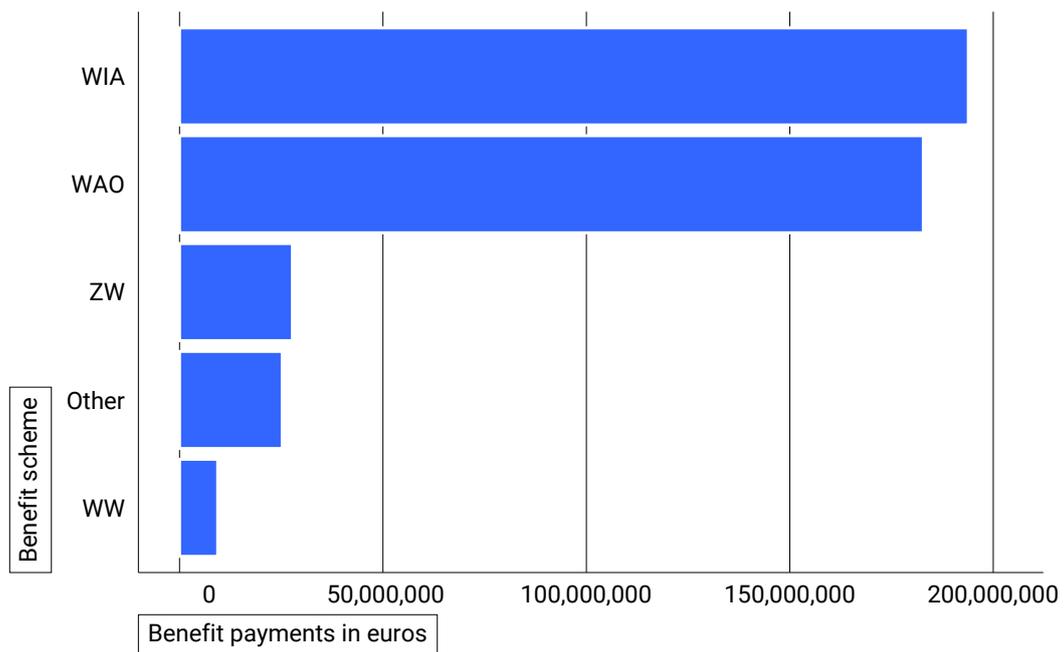
Increase in financial volume of exported WIA benefits, decline in exported WW benefits



In 2020, UWV paid €439 million in benefits in total to people outside the Netherlands. Invalidation and incapacity benefits accounted for 88% (€385 million) of the total. Invalidation benefit recipients received 42% of all benefit exports (€183 million), and recipients of the incapacity scheme received 44% (€194 million). Sickness benefit exports represented 6%, €28 million. The export of incapacity benefits for the self-employed and young disabled persons together came to €4 million.⁵ At €9 million, unemployment benefit exports accounted for 2% of all benefit exports.

Figure 2. Amount of exported benefits in 2020.

WIA and WAO exports by far the largest



WIA: Incapacity benefit

WAO: Invalidation benefit

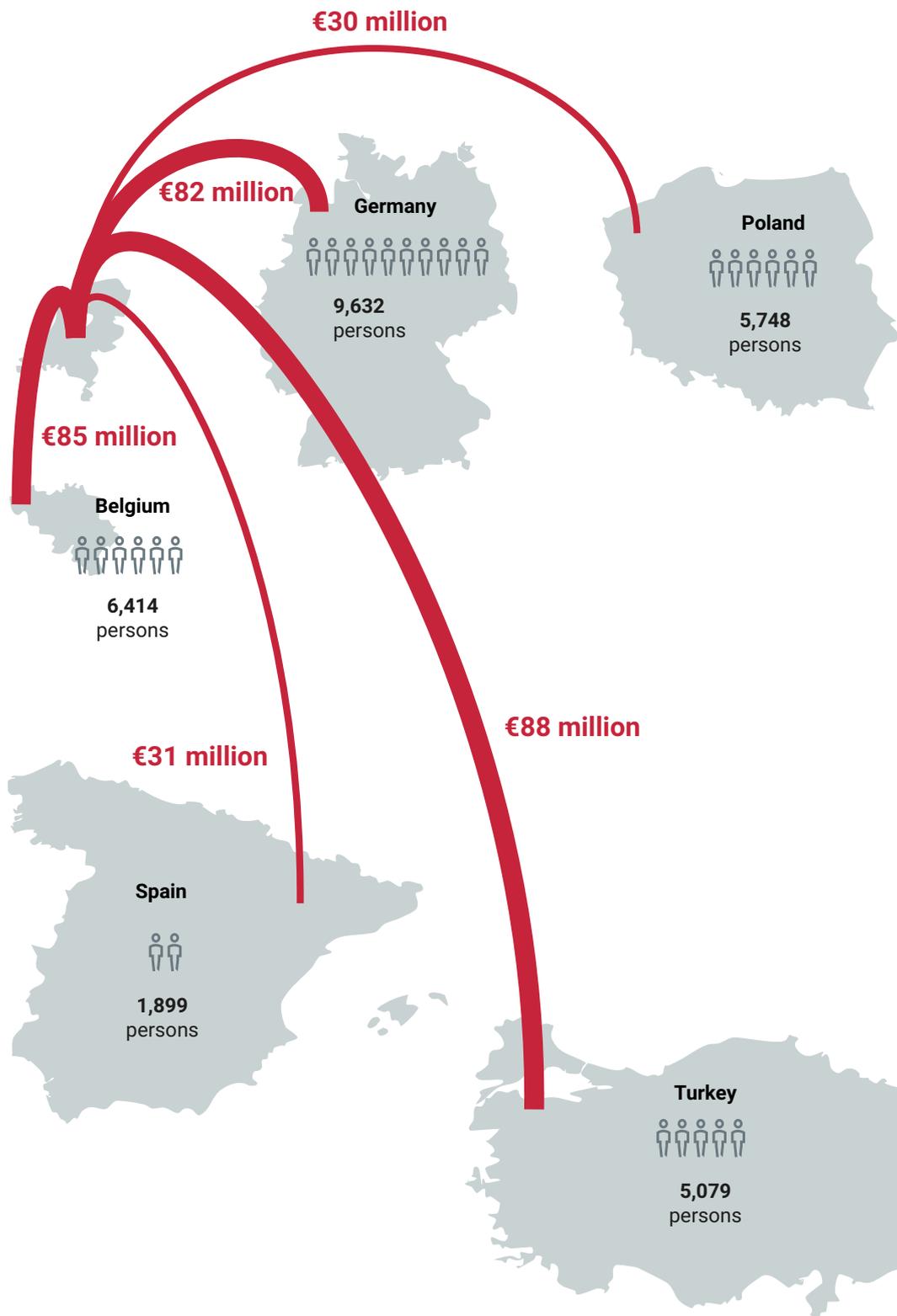
ZW: Sickness benefit

WW: Unemployment benefit

More than half of the €439 million that UWV paid to benefit claimants outside the Netherlands in 2020 was exported to Turkey, Belgium and Germany.

Figure 3. Highest amounts of benefit exports in 2020 paid to Turkey, Belgium and Germany. The number of persons is slightly overstated as one person can receive more than one benefit.⁶

Highest amounts of benefit exports paid to people in, Belgium, Germany and Turkey

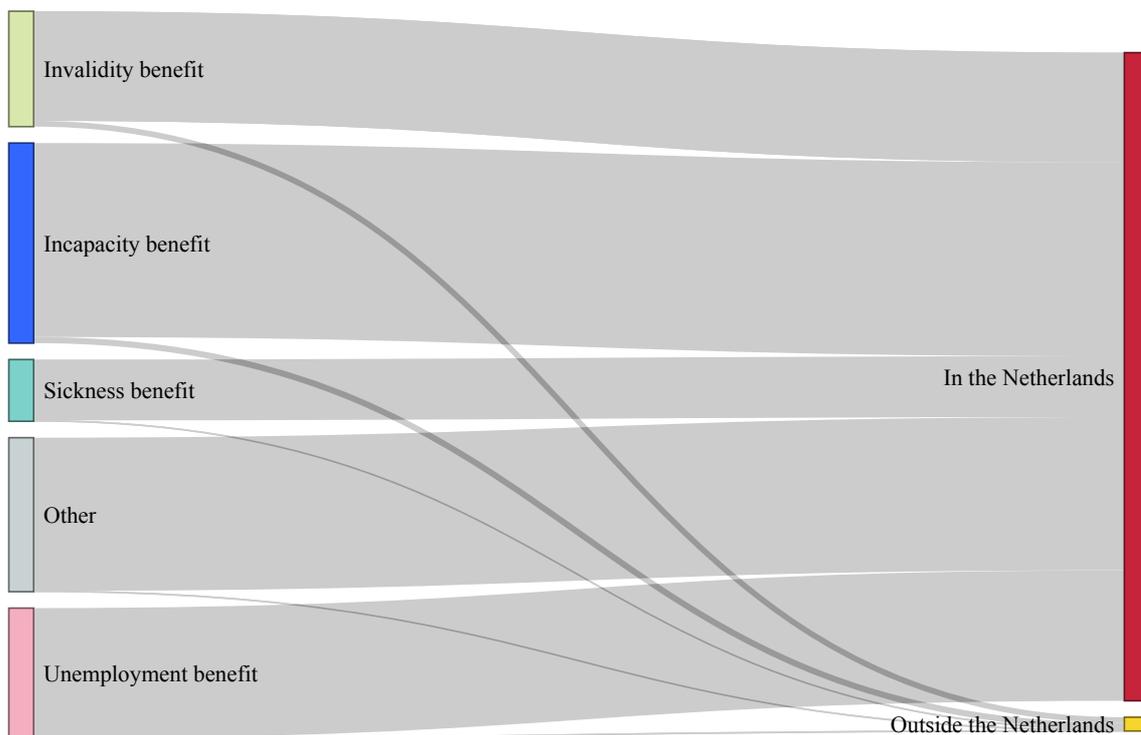


4.2 Unemployment benefit exports low and declining

The benefits paid to people outside the Netherlands are a fraction of the total benefits paid out by UWV. Unemployment benefit exports represent a tiny proportion of the total.

Figure 4. Benefit payments in the Netherlands and outside the Netherlands as a proportion of total benefit payments per scheme in 2020.

WW exports just a fraction of all benefit payments



Between 2018 and 2020 UWV paid an average of €423 million per annum to people outside the Netherlands, equal to 2% of all UWV's benefit payments during this period (€20 billion per annum).

Exports of unemployment benefit amounted to far less than this 2%. Just 0.3% of all unemployment benefit payments were exported, on average €12 million per annum in 2018-2020. The amount is low on account of the benefit's duration. Unlike other benefits, which can be exported for far longer, unemployment benefit can be exported for no more than 3 months. Exports of invalidation benefit, for example, accounted for 5% of all invalidation benefit payments, equal to €183 million. Exports of incapacity benefits represented 3%, €194 million, of all incapacity benefit payments.⁷

The average amount of unemployment benefit per recipient exported to Poland was lower than the average amount of all exported unemployment benefit. In 2020, average unemployment benefit exports came to more than €4,000 per person in Germany and Spain but less than €3,000 per person in Poland.

The amount of unemployment benefit exports fell by more than 30% in 2018-2020, from €13 million to €9 million. The number of unemployment benefit recipients in the Netherlands and abroad declined at the same rate in 2018 and 2019, but not in 2020. The number of unemployment benefit recipients in the Netherlands increased in 2020, whereas the decline outside the Netherlands accelerated. Exports of unemployment benefit fell as a proportion of all unemployment benefit payments from 2% in 2019 to 1% in 2020. Of the 285,660 unemployment benefit claims honoured in 2020, 3,052 were exported.

The fall was due to the COVID-19 pandemic. The Polish government announced at the beginning of March 2020 that returning Polish nationals would have to spend two weeks in home quarantine as from 15 March. To circumvent this measure many Polish nationals returned home in the first half of March. COVID-19 measures in the Netherlands, such as the closure of slaughterhouses, also cost many Polish nationals their jobs (Strockmeijer, 2020).

The fall in the number of applications to export unemployment benefit was accompanied by a doubling in the number of PD U1 forms issued to Polish nationals. PD U1 forms enable Poles with an employment history in the Netherlands to apply for unemployment benefit in Poland. They then do not need to be available to work in the Netherlands for 4 weeks, which they would if they applied for a Dutch unemployment benefit.

4.3 Causes of benefit exports

The international context in which the Netherlands finds itself influences the export of benefits. This is explained below regarding exports to Belgium, Germany, Turkey, Morocco and Poland.⁸

Measured by amount and number of recipients, most benefit exports in 2020 were paid to the neighbouring countries of Belgium and Germany. UWV also exported by far the highest proportion of unemployment benefit to Germany and Belgium, 45% and 27% respectively of the total in 2020, together €9 million (see also section 4.4).

Many frontier workers live in Belgium and Germany. More Belgian and German residents work in the Netherlands than vice versa.⁹

Turkey and Morocco also rank among the top 10 countries with the highest proportion of Dutch benefit recipients. Most of them were guest workers who came to the Netherlands in the 1960s and 1970s. They returned home and now receive invalidity or incapacity benefit in accordance with the conventions between the Netherlands and Turkey and Morocco. The export of invalidity benefit to Turkey increased in 2018-2020, whereas use of this benefit as a whole has been declining since the termination of the invalidity scheme in 2004. The number of sickness benefits exported to Turkey and Morocco is very low: nearly no claimants who recently worked in the Netherlands live in those countries.

In 2018-2020, a clear majority of unemployment benefits was exported to Poland, 86% of the total. The amount concerned, however, was relatively small. Many Polish nationals work on low-wage, short-term contracts. According to figures released by Statistics Netherlands in 2017, Polish nationals are among the lowest paid workers and work more often for temporary employment agencies. They form the largest single group of foreign workers in the Netherlands: in 2017 they held nearly 108,000 jobs, out of a total of more than 838,000 jobs held by foreign workers.¹⁰

Polish and other East European labour migrants are 4 times more likely to lose their jobs than Dutch nationals, mainly because they tend to work in sectors that use short-term contracts.¹¹ Temporary workers with an agency clause, moreover, lose their jobs if they are ill. If their employer provides accommodation, they also lose their homes.¹²

Nevertheless, Poles and other East European labour migrants apply for unemployment benefit less often than unemployed Dutch nationals in the same circumstances: 27% versus 36% in 2019. This is due to their short employment histories and, possibly, ignorance of their rights. On average, the duration of the benefit when awarded is shorter and the amount is lower (Strockmeijer, 2019).

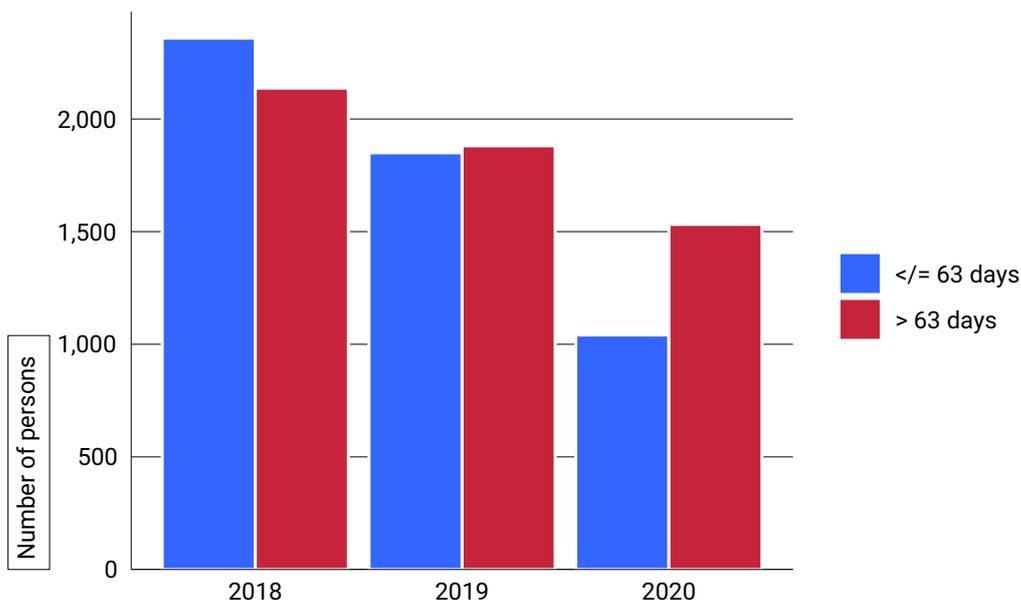
4.4 Impact of the proposed EU amendment

Extending the right to export unemployment benefit from 3 to 6 months would probably benefit only a small group of people. About half of the 10,800 people who exported unemployment benefit in 2018-2020 were entitled to it for 3 months or less. Only 21% could have exported the benefit for 6 months if they had been entitled to, on average 741 recipients per annum.

Of the 10,800 people that started exporting unemployment benefit in 2018-2022, about half returned to the Netherlands within 2 months. In effect, those entitled to unemployment benefit for 3 months can export the benefit for no more than 2 months as they first have to be available to reintegrate into the Dutch labour market for 4 weeks. In 2020, 60% of unemployment benefit exporters made full or partial use of the third month. This relative increase was prompted by the COVID-19 crisis, as fewer unemployment benefit recipients left the Netherlands (see also section 3.2). Fewer people who would normally have exported their unemployment benefit for a shorter period of time, such as Polish nationals, applied to export the benefit. Relatively more people exported their benefit for longer than 2 months in 2020.

Figure 5. About half the people who exported unemployment benefit in 2018-2020 did so for 63 days or less. Owing to the COVID-19 crisis in 2020 the proportion of people who exported their benefit for 63 days or less was slightly different. Based on benefit exports commencing in 2018, 2019 and 2020.

More than half the people exporting WW benefits in 2018 and 2019 did so for 2 months or less



Of the 10,800 people who started exporting unemployment benefit in 2018-2020, 33%, or 3,587 people, did so for 3 months. Another 2,224 persons of this group, an average of 741 per annum, could hypothetically have exported their unemployment benefit for 6 months if they had been entitled to do so. If all other factors remain equal, extending the right to export unemployment benefit would therefore not have a significant impact.

If the country of residence principle is replaced with the country of employment principle, UWV would be responsible for a slightly larger group of benefit recipients outside the Netherlands. It would have to provide services and perform enforcement activities for a larger group of recipients. The data necessary to calculate the size of this group are not available. What is known, however, is that the recipients would reside principally in Belgium and Germany. This can be concluded from the unemployment benefit that UWV reimburses for people with a Dutch employment history residing outside the Netherlands: 76% of the total reimbursements in 2018-2020 were paid to Germany and Belgium.

These two countries in turn reimburse UWV. As more people from Belgium and Germany work in the Netherlands than vice versa, UWV's net reimbursement to the two countries averages €5 million per annum in 2018-2020. According to 2018 figures from Statistics Netherlands, 83,000 residents of the two neighbouring countries were employed in the Netherlands, whereas 13,000 Dutch residents were employed in Belgium and Germany. UWV would, if the country of employment principle is to be implemented, not be responsible for the latter group.¹³ However, UWV works productively with the two countries and the impact of the proposed amendment is expected to be limited if it were to go ahead.

5.

UWV outside the Netherlands

In 2018-2020 the House of Representatives debated the enforcement of benefit export rules. Services were not discussed, even though they are as instrumental as enforcement to prevent undue benefit payments. The debates also failed to clarify what powers UWV could exercise and what enforcement measures it took outside the Netherlands.

This chapter successively considers the restrictions on UWV and the measures it can take outside the Netherlands to exercise its limited powers in full.

COVID-19 crisis

The COVID-19 crisis has had a significant impact on UWV's services and enforcement outside the Netherlands. Scheduled and incidental meetings have not been held. Several projects have been suspended. Embassies' Social Affairs Bureaus have not assumed enforcement tasks or other projects, and nearly all assessments have been conducted by video. UWV expects this form of medical assessment to be continued after the pandemic.¹⁴

5.1 Restrictions on UWV

5.1.1 Legal powers

UWV does not have the same powers outside the Netherlands as it does inside. The same is true, mutatis mutandis, of foreign authorities in the Netherlands. EU regulations and social security conventions oblige member states to assist each other in cross-

border social security cases. The assistance, however, must comply with local laws (Regulation, 987/2009, articles 76 and 77). Germany, for instance, does not allow authorities to exchange personal data, nor do the German authorities use a unique identification number like the Dutch citizen service number or a unique number for a person's employment history. UWV therefore cannot implement the convention on the prevention of social security fraud the Netherlands signed with Germany in 2012.

UWV's power to perform home visits outside the Netherlands is also restricted. Under the EU regulation, national law determines whether foreign authorities can conduct home visits. They are not permitted in Belgium, Poland and Switzerland. In 2019, these countries lodged an objection with the Administrative Commission for the Coordination of Social Security Systems as their national laws do not allow home visits by foreign authorities (Ministry of SZW, 2019a). UWV does not carry out unannounced home visits outside the Netherlands, only scheduled visits to check administrative details. It does carry out unannounced visits in the Netherlands.

5.1.2 Different social security and IT systems

Physical distance frustrates the quality of services and enforcement activities outside the Netherlands. Post can be delayed or simply fail to arrive. Files for the first-year sickness benefit assessment sent from abroad are regularly delivered late, and with minimal information. Assessments accordingly often take place after the scheduled date. Different social security systems and IT systems also impede access to data and thus the provision of services and performance of checks.

Where undue payments have to be recovered, for instance, it is not always clear which organisation has to be approached or what information is needed to recover the excess. UWV first tries to recover the excess directly from the recipient. If it cannot, it contacts a sister organisation, in so far as possible under the EU regulation or a bilateral convention. In Poland, for instance, regional tax offices are authorised to seize a recipient's assets in order to recover an undue payment.

Not surprisingly, the amount recoverable is relatively higher outside the Netherlands than in the Netherlands. In 2020, the proportion of total undue sickness, unemployment, invalidity and incapacity benefits not yet recovered was 34% of the total amount recoverable in the Netherlands and 52% outside the Netherlands. In 2020, the average amount recoverable per benefit scheme was also higher outside the Netherlands than in the Netherlands: €2,519 versus €1,654. In two of our case countries the average amount of these benefits recoverable in 2020 was less than €2,519 (€1,619 in Poland and €1,929 in Germany).

The higher amount of open recoveries outside the Netherlands indicates that enforcement and access to people, data and sister organisations abroad are not as straightforward as they are in the Netherlands. It does not indicate that more fraud is committed outside the Netherlands as it is not known whether undue payments are recovered because benefit recipients broke the rules intentionally.

Intentional or unintentional offence?

It is hard to determine whether a benefit offence is committed intentionally or unintentionally. Only the recipient knows. Fraud and misuse – providing incorrect information in order to enjoy a higher benefit payment or more favourable conditions – are intentional offences. Improper use – benefiting from rights or services in accordance with the letter of the law but not the spirit – is also intentional. Unintentional offences are due to mistakes or ignorance on the part of the client or the organisations concerned. UWV also recovers undue benefit payments due to mistakes or ignorance on the part of UWV itself or sister organisations.

The higher amount of recoverable benefit payments outside the Netherlands says nothing about the recovery of exported benefits. UWV has information on only recoveries from people who were outside the Netherlands when undue payments were recovered. The recovery thus need not relate to an exported benefit. Similarly, a ‘domestic’ recovery’ can relate to an exported benefit if the recipient has returned to the Netherlands in the meantime.

Unlike the Netherlands, many countries have a decentralised social security system, with policy being managed and implemented by regional offices. National agreements are not automatically put into effect at regional level. Furthermore, it often costs a lot of time and effort to contact the right person. Poland, for instance, has 16 regions and 340 district employment offices. Furthermore, the local offices do not digitise information on people who export their Dutch unemployment benefit to Poland. If UWV requests information from a regional office in Poland, the request will be passed on to a local office that then has to retrieve the information manually. If the information is then sent to the regional office, which is not always the case, it is often incomplete.

Socio-political factors in some countries can also significantly influence cooperation among implementing organisations. Political tensions, for instance, led to the complete suspension of UWV’s contact with Turkey’s SGK (*Sosyal Güvenlik Kurumu*, Social Security Institution), for 18 months in 2017 and 2018.

The European digital system, EESSI (Electronic Exchange of Social Security Information) could speed up communication in the EEA and Switzerland and reduce error sensitivity but UWV currently prefers to use postal services. Within Europe, the Netherlands is a late adopter of EESSI. One of its objections to it is that it is not GDPR-compliant. However, some unemployment benefit processes were carried out using EESSI in 2020 and 2021, and data sharing for incapacity benefits will probably be routed through EESSI at the end of 2022.

5.2 UWV's activities and agreements

5.2.1 Medical assessments

The Netherlands bases incapacity benefit on the loss of capacity to earn an income, taking both medical and work-related aspects into account. Most other countries assess incapacity for work not on what people can do but on their condition and treatment. Medical reports prepared abroad are therefore inappropriate to establish the right to a Dutch incapacity benefit, despite their often high quality. EU regulations state that medical assessments must meet the conditions set by the benefit payment organisation but be implemented in the country of residence in compliance with its own laws (Regulation 883/2004, article 82, and Regulation 987/2009, article 87). The benefit payment organisation can opt to have its insurance doctors carry out assessments in the country of residence or have local doctors perform them.

In Poland, medical assessments have been performed at the Dutch embassy in Warsaw by UWV insurance doctors since 2018.¹⁵ Between 2017 and the COVID-19 pandemic, UWV doctors had visited Poland every six weeks to hold reintegration consultations. In 2018 and 2019, socio-medical assessments were also carried out in Poland.

In Turkey, local clinics have carried out medical assessments on UWV's behalf since 2006. Reports are compiled and logged in accordance with a protocol. In the 3 years before the COVID-19 pandemic a team of insurance doctors visited Turkey every year to explain to the doctors there how Dutch insurance doctors performed assessments.

UWV can ask applicants to come to the Netherlands for a medical assessment. For most medical assessments, clients must voluntarily and unambiguously renounce their right to be assessed in the country of residence and declare that they are fit to travel. UWV bears the cost of travel and accommodation (Regulation 987/2009, article 87). Many people who reside in Poland, Germany or Belgium travel to the Netherlands for assessment, especially for a sickness benefit assessment.¹⁶

UWV's office in Amsterdam deals with claims made by people residing abroad other than in Belgium and Germany. It informed us that about 75% of the 550 or so claimants it invited to an assessment in the Netherlands in 2017, 2018 and 2019 were Polish residents. Precise figures are not available but UWV estimates that most claimants residing in Poland are assessed in the Netherlands.

5.2.2 Unemployment benefit export services

UWV is not responsible for the provision of reintegration services to unemployment benefit recipients outside the Netherlands. The implementing regulation, however, allows member states to make specific agreements among themselves about the provision of reintegration services to unemployment benefit recipients (Regulation 987/2009, article 87 and article 85). UWV has exercised this option with Poland. In December 2021, UWV, the Ministry of SZW and Polish partners made agreements on the exchange of information and the reintegration of unemployment benefit exporters.¹⁷

5.2.3 Reintegration of sickness and incapacity benefit recipients

UWV is responsible for providing reintegration services to all sickness benefit and return-to-work benefit recipients with an employment history in the Netherlands, even if they live abroad. As reintegration services are not referred to specifically in the EU regulations, national law applies. UWV may not reimburse benefit recipients directly for the cost of reintegration activities but must always offer the services via an agency.

In practice, UWV provides reintegration services to sickness and incapacity benefit recipients only in the Dutch border region and, since 2017, Poland. Earlier attempts to promote reintegration outside the border region – a pilot in Morocco (2006), assistance to startups (2006 and 2008) and the use of a Dutch agency in Poland (2016-2018) – were unsuccessful. There are few reintegration agencies and opportunities for the incapacitated outside the Netherlands. UWV also has little up-to-date knowledge of the situation on local labour markets.

For benefit recipients in Germany, UWV purchases reintegration courses from Dutch reintegration agencies that have an adequate command of German and are familiar with the regional labour market on both sides of the border. The number of courses purchased doubled from about 30 to 60 between 2018 and 2020. UWV has made agreements with Belgian partners to provide mutual assistance to each other's benefit recipients free of charge. In 2021, UWV took the initiative to make similar agreements with partners in Germany. Recipients of a Dutch return-to-work benefit who reside in Germany will receive reintegration services from German agencies and, *mutatis mutandis*, vice versa.

In Poland, UWV has been working with a reintegration agency since 2017, first as a pilot and since 2019 as standard working practice. Sickness benefit recipients are socio-medically assessed at the embassy by a UWV insurance doctor and then interviewed by a UWV employment specialist. If the recipient is fit to work again, he or she is referred to the agency's staff at the embassy. The agency then draws up a reintegration plan that is reviewed and approved by UWV. UWV concluded from a 2019 evaluation that working with the Polish reintegration agency was less expensive than assessment in the Netherlands because interpreting and travel expenses were lower and more people were fit to work again by the time of the first-year sickness benefit assessment. UWV doctors and labour market specialists also said they could identify undue benefit payments earlier by having more frequent and more direct contact with recipients.

UWV is currently exploring avenues to offer reintegration services to return-to-work benefit recipients via the Polish agency. It is also in talks with a second reintegration agency to help sickness and incapacity benefit recipients find suitable work in Poland. UWV will provide this service to return-to-work benefit recipients who have moved to Poland in the previous two years. This is a departure from UWV's agreement with the Ministry of SZW to offer reintegration services to return-to-work benefit recipients for the first 5 years of the benefit. As the likelihood of finding work declines the longer a person is unemployed, UWV hopes that more reintegration courses will be successful with a 2-year term.

5.2.4 Enforcement

Further to the House of Representatives' debates, the Minister of SZW informed the House at the end of 2018 that enforcement measures would be taken (Ministry of SZW, 2019b). To this end, UWV has organised fraud awareness learning circles and given presentations at all offices that deal with claims with an international dimension. Since early 2021, enforcement consultants have been appointed to discuss doubtful cases with UWV's staff. The number of internal enforcement notifications with an international dimension increased fivefold from 26 in 2018 to 128 in 2020. In total, UWV received 653 enforcement notifications with an international dimension from Germany, Poland, Spain and Turkey. More notifications concerned Germany than any other country: 277.¹⁸ Not every notification is worth investigating. UWV took a total of 39 measures in 19 cases in respect of the case countries Germany, Poland, Spain and Turkey in 2018-2020, with more measures being taken in Germany than in the other countries. A total of 10 recoveries where fraud was suspected and 3 where fraud was not suspected were made in Germany in 2018-2020.

Since 2020, UWV has been studying how the Social Affairs Bureaus in Morocco, Spain, Suriname and Turkey can carry out home visits. The Netherlands has teams of about 5 FTEs at the embassies in these countries. They answer client questions and carry out checks on behalf of the Social Insurance Bank, UWV, the central office for exceptional medical insurance and the Tax and Customs Administration. If these teams also carried out home visits, UWV would have more capacity to visit benefit recipients in other countries. UWV also expects visits by embassy staff to be more efficient than visits by Dutch staff. The embassies will provisionally not receive additional staff capacity to carry out this task but will perform home visits at the same time that they carry out checks on behalf of the Social Insurance Bank.

UWV, the Ministry of SZW and the Polish Ministry of Family and Social Policy have found an alternative to home visits. As from 2022, UWV has been able to carry out administrative checks of benefit recipients at the embassy in Warsaw.¹⁹

5.2.5 Recovery of undue payments

UWV seeks agreements on the recovery of undue benefit payments with several countries, including Spain and Poland. In March 2020, it reached agreement with SEPE and INSS in Spain to prevent duplicate payments and enable both the Spanish and Dutch authorities to recover excess benefit payments. Agreement was reached with Poland in December 2021 to improve mutual assistance in the recovery of undue payments.

6. Quality of UWV's activities

The parliamentary debates of 2018, 2019 and 2020 cast little light on the quality of UWV's service and enforcement activities outside the Netherlands. Our audit, too, could not determine their quality. The quantitative data necessary to do so are not available. This chapter explains why the data are not available and why the insight they could provide is important. It also summarises the sticking points our audit found in UWV's services and enforcement activities outside the Netherlands.

6.1 Performance agreements

Enforcement activities, including those in the Netherlands, are not subject to performance agreements between UWV and the Ministry of SZW.²⁰ It is not known whether the services UWV provides to benefit recipients outside the Netherlands meet the general performance agreements made with the ministry. UWV's Special Affairs department deals not only with benefit applications made by residents abroad but also with those made by UWV staff members, persons of influence (e.g., public office holders, defence personnel) and residents of the Netherlands with an employment history outside the Netherlands. Management information and information on performance agreements, accountability and leadership are generated by the Special Affairs department and do not relate specifically to benefit exports. Data on the recovery of exported benefit payments are also unavailable (see section 4.1.2).

What is known is that UWV does not meet the general standard set for the return-to-work benefit, neither in the Netherlands nor abroad. UWV provides only a limited range of incapacity reintegration services in a small number of countries. The general agreement is that UWV's Public Employment Service interviews recipients of return-to-work benefit on average 1.8 times a year and has at least 1 contact with 90% of recipients.

In many cases the export of benefits is temporary. Unemployment benefit is by definition exported for a limited time, due to judicial restrictions. Other benefits can be temporarily exported as well. For example, migrant workers who apply for sickness benefit and are assessed in the Netherlands can temporarily return home and come back to the Netherlands when they are fit to work again. These benefits are received first in the Netherlands, then abroad, and then again in the Netherlands. Both the structure of UWV and this fluid nature of benefit exports make generating information on benefit exports a time-consuming activity. UWV has made a start, but whether it will improve the quality of services and/or enforcement remains to be seen.

Nevertheless, insight into specific services provided outside the Netherlands is essential. Owing to the many different social security systems, IT systems, and organisations and UWV departments involved, the services provided outside the Netherlands are often more haphazard than those provided in the Netherlands. In 2019, when UWV adopted a more secure version of the DigiD identification system, for instance, the National Ombudsman received complaints from Dutch nationals that they could not connect to the DigiD foreign desks or only at high cost and with great effort (National Ombudsman, 2019). Client satisfaction surveys could improve insight into the quality of services provided outside the Netherlands.²¹ Bottlenecks in UWV's organisational structure, address registers and direct client contact are already being addressed by the Ministry of SZW and UWV but more can be done.

6.2 Organisational structure

Several UWV departments work with and for benefit recipients outside the Netherlands.

UWV tasks with an international dimension

- The *Client Contact Centre* records notifications of unemployment benefit exports.
- The *Non-Resident Team* of the Benefits division (part of the Financial Commitments department) recovers excess benefit payments with an international dimension.
- The *Enforcement* department deals with fraud notifications that have an international dimension, including notifications of fraud with exported benefits.
- The *Non-Resident Intervention Team*, part of the International office of the Enforcement department, carries out checks and makes visits outside the Netherlands.
- The regional offices pass on files to the *Special Affairs* department when benefit recipients move abroad.
- The *Special Affairs* department of the Social-Medical Affairs division has carried out nearly all processes for benefit recipients who reside, work, have worked or wish to reside outside the Netherlands since the end of 2021.

Contact between the various UWV units that perform tasks with an international dimension must be continuously cultivated. Uncertainty about foreign residence, for instance, can lead to delays if applications are passed backwards and forwards between the regional offices and the Special Affairs department. UWV is trying to improve the situation by means of newsletters, coaching and regular meetings.

Internal communication of UWV's enforcement tasks is also open to improvement. Automated responses to internal notifications are not always timely or unambiguous. The GDPR, moreover, does not always permit a response, which can deter staff from making further notifications. The Minister of SZW has monitored and informed parliament of UWV's response to fraud notifications since the 2018 television broadcasts (Ministry of SZW, 2019b).

6.3 Address registers and digital access

UWV is the outcome of a merger of 6 organisations in 2002 (Cadans, GAK, GUO, SFB, USZO and the commissioning authority, LISV). The Centre for Work and Income (CWI) was established at the same time as the merger. UWV and CWI merged in 2009. This can still be seen in the high number of IT systems in use. The use of so many IT systems can lead to differences in address registers, especially if the client lives abroad. Furthermore, many people do not sign out of the registers when they

leave the Netherlands and cannot do so when abroad. Differences between registrations in the official personal records database and the actual situation are inevitable. Post therefore may reach the client late, or simply fail to arrive. The Minister of SZW has informed the House of Representatives on several occasions of areas for improvement in UWV's address registers.²²

According to UWV, most benefit exporters do not have access to DigiD or its European equivalent (eIDAS, Electronic Identities And Trust Services). Exact figures are not known and are not kept by UWV. An estimated 30% of UWV's clients do not have digital access. The Migrant Workers Protection Taskforce (2020) concluded that digital access would probably improve insight into labour migrants and the services provided to them. At present, UWV's staff process non-digital applications and follow-up activities manually and contact the persons concerned by telephone.

One advantage of the lack of digital and automated services, however, is that the personal contact with clients increases UWV's provision of appropriate services and reduces the risk of undue benefit payments.

6.4 Language barrier

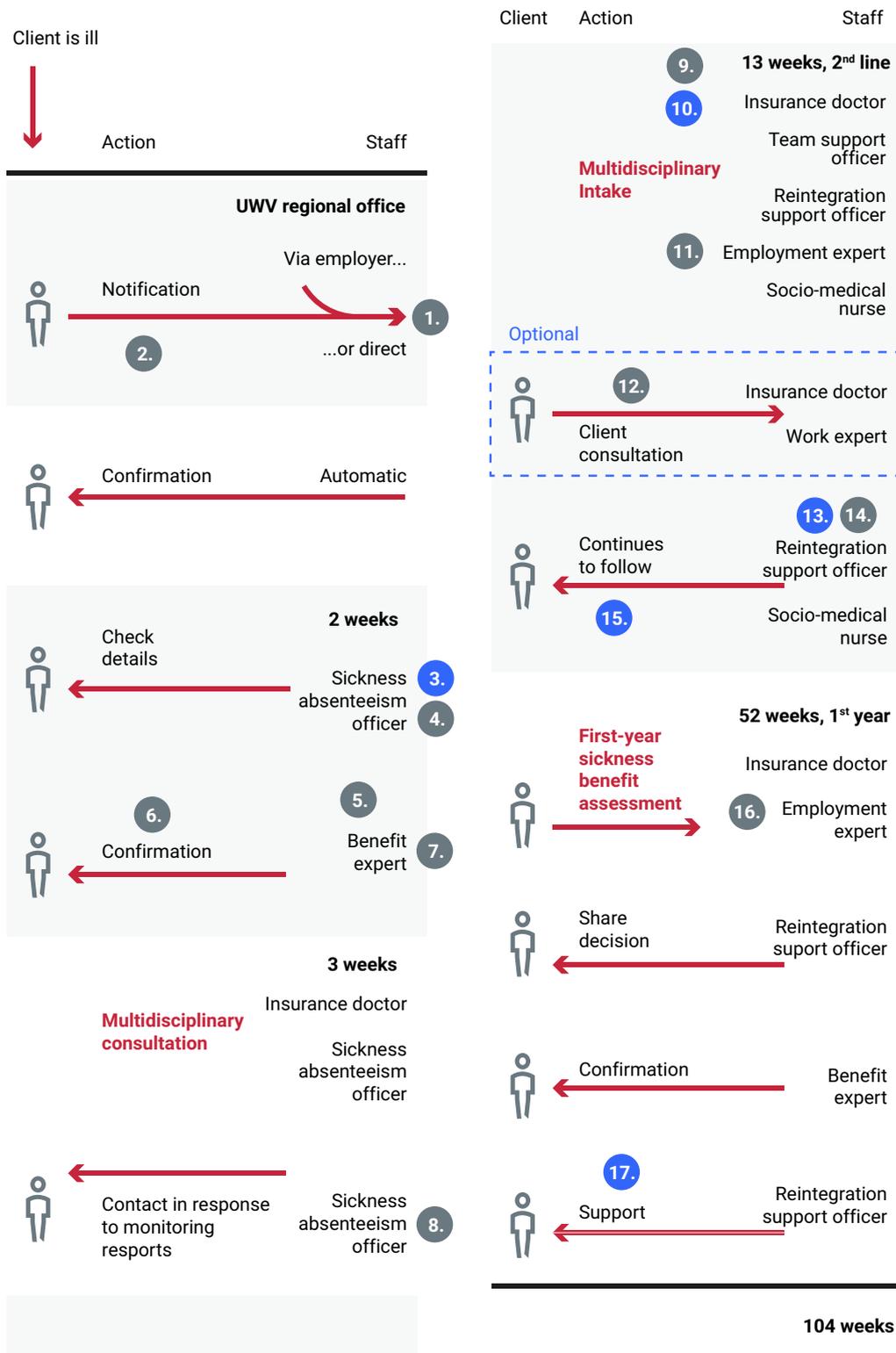
The clients' poor command of Dutch can be a barrier when UWV's staff contact them by telephone. UWV tries to employ multilingual staff to deal with sickness benefit claims but its recruitment policy does not specifically target them. Some members of staff speak English and, in the border region, often German but that is not why they were recruited. UWV's website has provided information in Polish on rights and duties regarding unemployment, sickness and incapacity benefits since 2020. Content on UWV's website is translated into 9 languages in total. UWV is currently planning to review its language policy and is also looking at what other implementing organisations do in this area.

Many benefit applicants, mainly Polish nationals, rely on the services of a Dutch-speaking intermediary, which is permitted with the client's oral permission. This harbours the risk of fraud, for instance through the misuse of client details. UWV has made several attempts since 2015 to reduce reliance on intermediaries, but it remains problematic.²³

UWV intends to make use of local linguistic and cultural knowledge in Morocco, Spain, Suriname and Turkey and have the embassies' Social Affairs Bureaus there perform enforcement tasks (see also section 5.2.4). The bureaus will not receive extra capacity for these tasks.

Below Figure 6. Barriers (grey) and aids (blue) to communication with clients outside the Netherlands in the sickness benefit application and payment process. See appendix 1 for all systems and actors involved in the sickness benefit application and payment process outside the Netherlands

Many systems and actors at UWV and sister organisations produce many problems in the sickness benefit application and payment process



1. Place of residence sometimes uncertain, notification passed back and forth between offices, client does not receive benefit
2. Many clients cannot access DigiD and cannot complete national questionnaire
3. Some staff are multilingual
4. Sometimes language barrier
5. Foreign bank accounts have different systems
6. Postal deliveries delayed or incomplete
7. Different addresses in different systems, address uncertain
8. No automatic notifications, e.g., of detention
9. Reliance on local doctors
10. Cooperation with clinic in Turkey and doctors in Poland
11. Owing to unique Dutch assessment, additional data required
12. Owing to COVID-19, fewer face-to-face consultations and incorrect advance payments sometimes made
13. Cooperation with reintegration agency in Poland
14. Reintegration procurement sometimes not possible, no knowledge of local labour market
15. Video calls keep production high at lower cost
16. Video calls deny insurance doctors face-to-face contact with clients, more consultations are needed
17. Owing to video calls, clients do not need to travel and can ask minor questions to UWV

7.

Conclusions and recommendations

7.1 Conclusions

Since the House of Representatives debated benefit exports in 2018-2020, the childcare benefit scandal and the COVID-19 pandemic have prompted a shift from 'strict enforcement' to enforcement with a 'human face'. The 2021 coalition agreement also held out the ambition of improving the position of the incapacitated. The provision of services to incapacity benefit recipients outside the Netherlands would be in keeping with this ambition. The right balance must be struck between enforcement and service provision: UWV's activities are often a mix of the two.

The coalition agreement also recognises the importance of having a periodic insight into expected labour migration, knowledge migration and asylum migration patterns. An advisory report on the use of a policy-based migration target was commissioned from the Advisory Committee on Migration Affairs in 2022. In our opinion, insight into labour migration and the position of migrant workers can provide an insight into the use of Dutch benefits abroad, even without a target. Unemployment and sickness benefit recipients are often vulnerable participants in the labour market and can lose their housing and healthcare at the end of their short, flexible contracts.

7.1.1 Scale and causes of benefit exports

In financial terms, incapacity benefit exports increased by 25% during the audit period to amount to 88% of all exported benefits by 2020. Sickness benefit exports were also higher, up 24% in 2018-2020. Benefit exports will probably rise further as labour migration to the Netherlands increases and remote working becomes more

commonplace. More migrant workers can reside abroad as remote working opportunities increase. If they become ill or incapacitated, they will probably export their benefits.

At 2%, the amount of unemployment benefit exports is a tiny fraction of total benefit exports, and actually fell by 30% in 2018-2020. The information available to us, moreover, suggests it is unlikely that unemployment benefit exports and their duration will increase significantly if the European regulation is amended as proposed.

7.1.2 UWV outside the Netherlands

We found that UWV is working continuously, despite legal and practical barriers, to provide service and perform enforcement tasks abroad, particularly in Poland, Germany and Belgium. We also found that UWV makes full use of its, restricted, powers to carry out medical assessments and checks abroad.

Furthermore, UWV and the Minister of SZW seek additional agreements to supplement existing conventions. UWV, for instance, has found an alternative to home visits in Poland. It has also made agreements with Polish and Spanish partners on the recovery of undue payments and on information sharing. UWV has even concluded agreements on job placements, even though it has no legal responsibility in this area.

UWV, moreover, establishes contact with the right people at sister organisations. There are many such contacts in Germany. Improvements can still be made in the intensity of contacts with sister organisations outside Germany and Belgium and in its reintegration services, especially those it provides to return-to-work benefit recipients.

7.1.3 Quality of UWV's services

Our audit found that UWV and the Ministry of SZW do not have an insight into the quality of services and enforcement outside the Netherlands. The necessary information is unavailable because UWV does not have a dedicated export benefits department and because of the fluid nature of benefit exports. In addition, performance agreements have not been made with the Ministry of SZW, and client satisfaction surveys are not held. Insight into quality is nevertheless necessary. Service provision and enforcement abroad are frustrated by the many different IT systems, national social security systems and the involvement of many organisations and UWV departments. Address registers, limited digital access and language barriers also impede service provision and enforcement outside the Netherlands.

7.2 Recommendations

7.2.1 To the Minister of SZW

1. Periodically analyse the potential risks and opportunities of outsourcing the reintegration services provided to incapacity and sickness benefit recipients and of cooperating with third parties in countries with a relatively high client base, not only in Poland, Germany and Belgium.
2. Reach agreement on the use of available information to gain an insight into the quality of UWV's services abroad, including qualitative information from benefit recipients.

7.2.2 To the Executive Board of UWV

3. Consider employing multilingual staff, e.g. Polish speakers, where advantageous and warranted by the client base.

8.

Response of the minister and UWV's Executive Board and the Court of Audit's afterword

8.1 Response of the Minister of SZW

The Minister of Social Affairs and Employment responded to our draft report on 23 May 2020. Her response is presented in full below.

The minister writes:

'I read the report with interest. It paints a good picture of the context in which UWV performs enforcement and service tasks for benefit exports. It is reassuring to read that despite the legal and practical barriers, UWV is working continuously to provide services and perform enforcement tasks abroad. Another positive conclusion is that UWV makes full use of its restricted powers to carry out medical checks and enforcement activities outside the Netherlands and that it makes supplementary agreements. I appreciate UWV's efforts in this area. You also refer to 3 points for improvement and make recommendations. Below, I give my response to the two recommendations made to my ministry.

In the first place, you conclude that the reintegration services for return-to-work benefit recipients in particular could be improved, especially in countries other than Poland, Germany and Belgium. You recommend that reintegration services for sickness and incapacity benefit recipients in countries with a relatively high client base could be outsourced and provided in cooperation with other organisations. For cost-benefit reasons, UWV's reintegration services outside the Netherlands have concentrated on countries with the highest client base. By focusing on the three aforementioned countries, UWV is concentrating on countries that together represent about 50% of the client base of sickness and incapacity benefit recipients outside the

Netherlands. UWV will continue, if not expand, the reintegration services it provides in those countries. The picture, however, is not static. UWV is currently working in more countries exploring ways to cooperate with local employment agencies (cooperation with foreign sister organisations) and with temporary employment agencies (outsourcing to private parties). Where feasible and justified on cost-benefit grounds (such as the nature of the client base, opportunities in the local labour market or opportunities to cooperate abroad), UWV will also make agreements with public-private partners in other countries. UWV is already proactively working on this. The analysis of opportunities and risks must be updated in response to developments, such as growth in the client base in a particular country. This is an ongoing process. I would note in this respect that UWV has primary responsibility for this process. I will follow developments and discuss them with UWV.

You further conclude in your report that there is no insight into the quality of UWV's services and enforcement abroad as information is unavailable. Your second recommendation is to make agreements to obtain insight into the quality of UWV's services abroad based on available information, including qualitative information from benefit recipients. I, too, would like to have more insight into UWV's service provision and enforcement abroad. However, measuring the quality of export benefit services and enforcement is no simple matter. As you observe, it depends on several factors at play in the international context. The Court of Audit names the fluid nature of benefit exports, different national social security systems and the many organisations involved. In short, service provision and enforcement differ per country and are more complicated abroad. As a result, quality can differ from one country to another. To gain an insight into the quality of UWV's services abroad you recommend making use of available information, including qualitative information from benefit recipients. I will ask UWV to explore means to survey the satisfaction of recipients abroad with UWV's services. I will then consult UWV to discuss how we can improve insight into the quality of its services outside the Netherlands.

Finally, the report provides useful figures on the flow of UWV benefits out of the Netherlands. I would like to put one of the conclusions in a more nuanced context. You note that only a small group of beneficiaries would use a possible extension of the duration of exported unemployment benefit. This observation is based on current regulations and current export figures. In this regard I note that the proposed extension of the export duration in the negotiation of the amendment of EU Regulation 883/2004 does not stand alone but is part of an overhaul of the entire unemployment system. The overhaul would increase exports of unemployment benefit. To what extent will depend on a range of factors and cannot be forecast accurately at present.'

8.2 Response of UWV's Executive Board

UWV's Executive Board responded to our draft report on 18 May 2022. The main points are summarised below. The full response is available at [rekenkamer.nl](https://www.rekenkamer.nl).

UWV writes:

'You make 3 recommendations in the report, 1 of which is addressed directly to UWV and the other 2 to the Ministry of SZW. It has been agreed with SZW that UWV will respond to all the recommendations. I would also like to explain how UWV deals with infringements of the rules and the financial size and increase in incapacity benefit exports in 2018-2020.

1. *Analyse the opportunities and risks of outsourcing reintegration services (particularly in countries with a relatively high client base of sickness and incapacity benefit recipients).*

Services are provided in the Netherlands and abroad for a period of five years. Reintegration opportunities and the services provided abroad can differ significantly from those provided in the Netherlands. UWV is less familiar with the labour market outside the Netherlands and relies on cooperation with public-private partners. Willingness and ability to cooperate vary per country. Reintegration to work after receiving an incapacity benefit is not a fixed part of the conventions or EU regulations, and reintegration services are not part of the social security system in many countries. In addition, there are practical obstacles such as physical distance and in some cases a language barrier. UWV intends to initiate/expand cooperation in reintegration services with a number of countries and will consider what operational agreements on reintegration services and outsourcing agreements can be made at bilateral level with public-private partners.

2. *Make agreements to gain insight into the quality of UWV's services abroad (based on available information).*

Quality control at file level (internal quality controls)

UWV carries out statutory checks of files at both national and local level.

Cross-checks (collegial controls) and checks of a specific theme are also carried out. The results presented do not distinguish between services provided in the Netherlands and services provided abroad. There are not enough foreign files to make such a distinction. UWV regularly surveys client satisfaction with its services in the Netherlands. It also periodically measures satisfaction with the information it provides, in part by means of the feedback it receives on [uwv.nl](https://www.uwv.nl).

UWV will study the opportunities and methods available to measure satisfaction

with its services outside the Netherlands, including whether the information provided on rights and duties is understood. SZW will be consulted on how to gain an insight into the quality of services abroad.

3. *Employment of multilingual staff where beneficial in view of the client base.*

UWV constantly monitors the composition of the client base and responds to change as effectively as it can. UWV will study the opportunities to employ permanent interpreters or multilingual staff in more departments where beneficial.

Explanation of UWV's response to infringements of the rules, page 24.

Both intentional and unintentional infringements can lead to undue benefit payments. UWV is obliged to recover the excess. After careful study it decides on culpability and takes account of personal circumstances. More generally, at the end of last year SZW informed the House of a new social security enforcement strategy. UWV actively contributed to the new strategy. Trust is a key pillar in the strategy. We assume that most people want to follow the rules and will do so. This means we will continue to focus on prevention and make a distinction between an honest mistake and an intentional, culpable infringement. At the moment SZW and UWV are studying how the current enforcement tools can be applied in the new enforcement strategy.

Amount of and increase in exported incapacity benefit, page 14.

Incapacity legislation is still under construction. In contrast to the ever-shrinking number of invalidity benefit recipients, there is an ever-increasing number of incapacity benefit recipients. The number of incapacity benefit recipients is not expected to stabilise until 2040. The amount of incapacity benefit payments increased by 22% between 2018 and 2020. Incapacity benefit exports increased over the same period by 30%. The amount of income support paid to all 100% incapacitated persons increased by 29% and exported income support by 48%. The increase in incapacity benefit exports therefore cannot be explained solely by the increase in the incapacity benefit schemes as a whole. UWV will monitor whether these differences persist in the years ahead and investigate their causes. Improving its services is one of UWV's highest ambitions. The Court of Audit's work adds to our knowledge and expertise, and thus to improved services at home and abroad.'

8.3 Court of Audit's afterword

We thank the Minister of SZW and UWV's Executive Board for their positive and constructive responses. We welcome the minister and Executive Board's intention to improve service provision outside the Netherlands, in part through the use of

multilingual staff and qualitative information from benefit recipients. As the minister and UWV acknowledge, insight into quality is of vital importance to improve both service provision and enforcement abroad, especially in view of the many barriers to these implementation tasks.

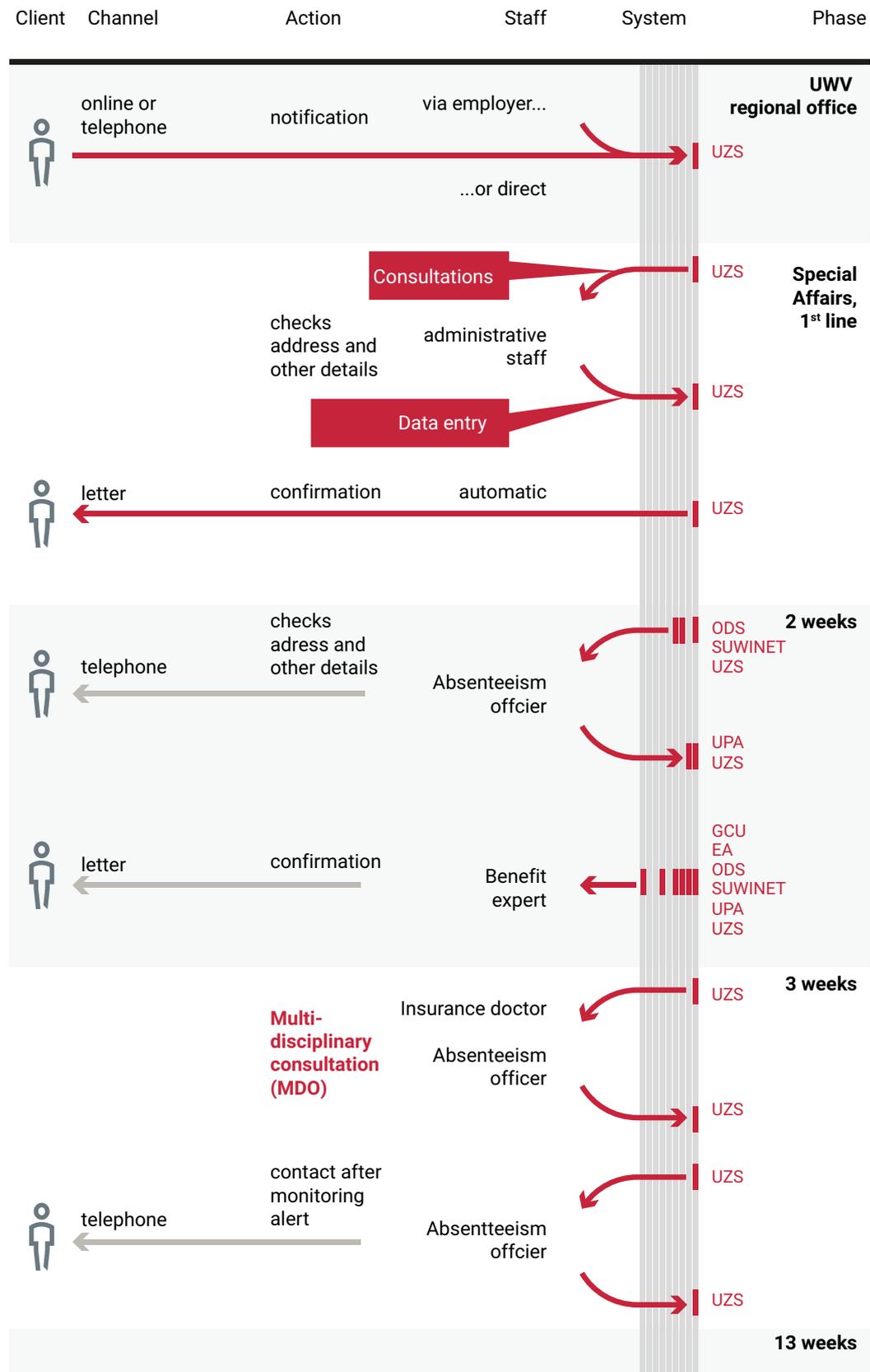
The minister acknowledges that amendment of the EU regulation would increase the volume of benefit exports, although it is not known to what extent. As we note in our report, the precise impact of the proposed amendment cannot be predicted. We can conclude from the available information, however, that it will probably not be substantial. If the country of residence principle is replaced with the country of employment principle, UWV will become responsible for employees who reside abroad but will no longer be responsible for foreign employees who reside in the Netherlands. On the basis of our audit, we do not expect an extension of the duration of unemployment benefit exports to lead to a substantial increase. We conclude that most of the people currently exporting unemployment benefit are Polish nationals who had flexible contracts. They can usually export their unemployment benefit for only a short period of time because they worked on short-term contracts. If this situation remains unchanged, unemployment benefit exports will not increase significantly even if the EU regulation is amended.

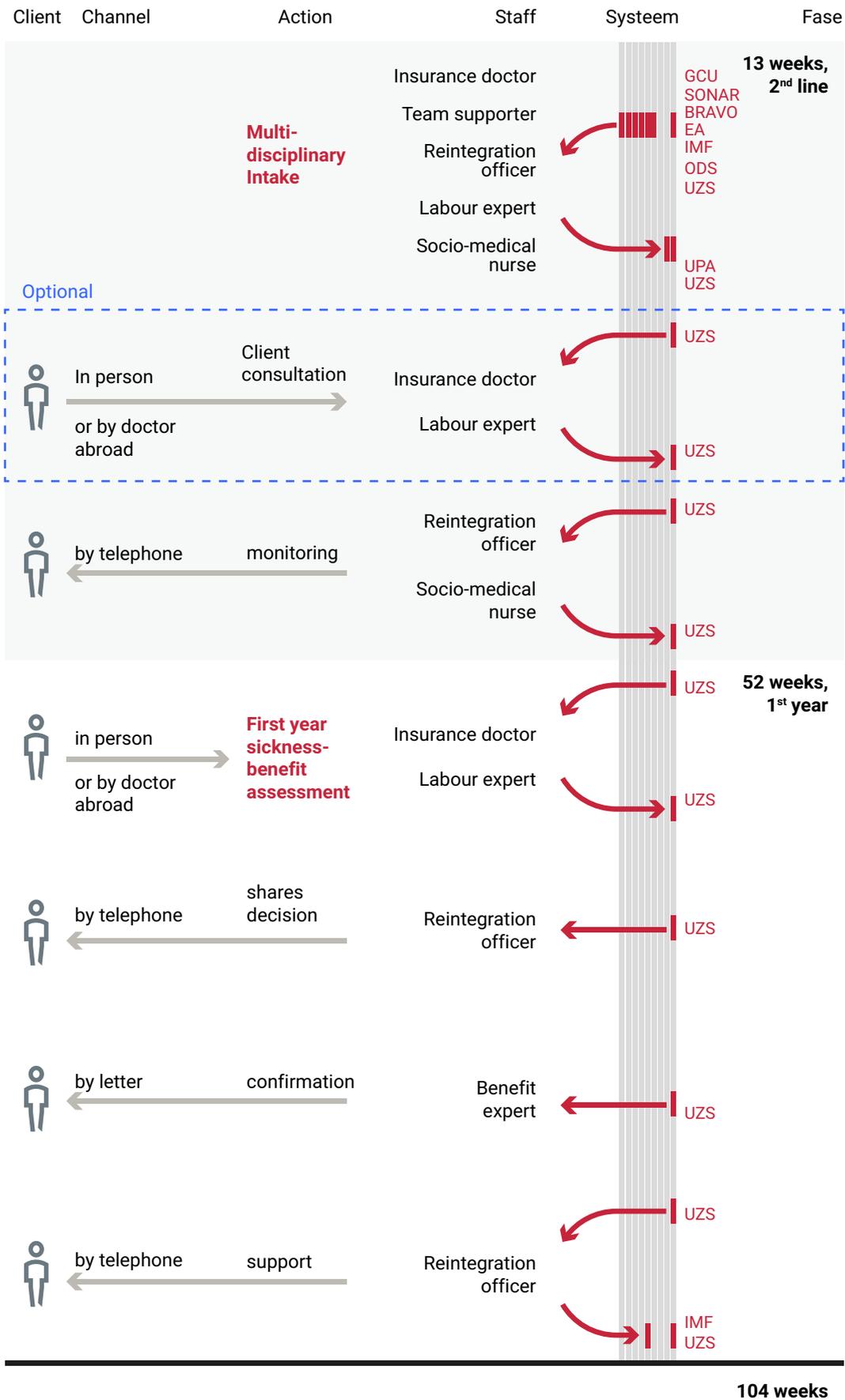
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Appendices

Appendix 1 Application and approval process for sickness benefit abroad

Sickness benefit export application and payment process: many systems and actors at UWV and sister organisations cause many problems





Appendix 2 Conclusions, recommendations and responses

Conclusions	Recommendations to the Minister of SZW	Recommendations to UWV's Executive Board	Responses of the Minister of SZW and UWV's Executive Board
In financial terms, incapacity and sickness benefit exports accounted for more than 90% of total benefit exports in 2018-2020 and increased over this period. These exports will probably increase in the years ahead as labour migration and remote working increase.	Periodically analyse the potential risks and opportunities of outsourcing reintegration services for incapacity and sickness benefit recipients and cooperation with third parties in countries with a relatively high client base, not only in Poland, Germany and Belgium.	Idem	UWV and the Minister of SZW intend to initiate/expand cooperation in reintegration in a number of countries
There is no insight into the quality of services and enforcement abroad but such insight is essential.	Reach agreement on the use of available information, including qualitative information from benefit recipients, to gain an insight into the quality of UWV's services abroad.	Idem	
UWV makes full use of its medical assessment and enforcement powers outside the Netherlands. Improvements are still possible to increase contact with sister organisations outside Germany and Belgium regarding reintegration and direct client contact.	Idem	Consider employing multilingual staff, e.g., Polish speakers, where advantageous and warranted by the client base.	

Appendix 3 Standards

Objective	Standard	Opinion
Insight into amount, nature and development of benefit exports.	N.A.	N.A.
Opinion on UWV's exercise of its powers outside the Netherlands.	UWV makes full use of its treaty powers.	<p>Medical assessments and enforcement: yes. Enforcement powers are restricted.</p> <p>Reintegration services for incapacity and sickness benefit recipients: not used in full but increasing.</p>
Opinion on quality of UWV's service provision and enforcement outside the Netherlands.	Service provision and enforcement outside the Netherlands meet the relevant performance agreements.	<p>Enforcement: N.A.</p> <p>Reintegration services for incapacity benefit recipients: no.</p> <p>In general: cannot be determined.</p>

Appendix 4 Methodology

The audit was based on document analysis, interviews and data analysis.

We interviewed staff of the Ministry of SZW, including the liaison officer in Warsaw, staff of UWV and the social affairs attachés in Madrid and Ankara (employed by the Social Insurance Bank, SVB). We also spoke to representatives of the *Bundesagentur für Arbeit* (Federal Employment Agency) in Germany and a representative of the Polish Ministry of Family and Social Affairs. All these talks were held digitally in compliance with the COVID-19 measures. We also sent questionnaires to *Deutsche Rentenversicherung* (German Pension Insurance Fund) in Germany, *Instituto Nacional de la Seguridad Social* (INSS, National Social Security Institute) and *Servicio Público de Empleo Estatal* (SEPE, Estatal Public Employment Service) in Spain and *Sosyal Güvenlik Kurumu* (SGK, Social Insurance Institution) in Turkey. We received replies from all these organisations.

In June 2021 we visited UWV offices in Heerlen, Amsterdam and Hengelo in person.

Data limitations

The data on benefit exports are based on benefits in payment in each calendar year. The number of persons per year therefore cannot be aggregated without double counting, direct comparisons cannot be made and developments cannot be described. Furthermore, the data relate to aggregate benefit payments and amounts recovered. The same is true of the number of persons. The data relate to the number of individual benefit recipients in a particular year or persons from whom UWV recovered undue payments. We therefore cannot express a definitive opinion on the amount exported or the number of recipients.

Data on benefit exports cannot be compared directly with data on recoveries abroad. As noted in the report, recoveries made abroad need not relate to an exported benefit, just as a recovery in the Netherlands need not relate to a benefit that has not been exported. Furthermore, data on benefit exports are reported on a cash basis and data on recoveries on a transaction basis.

To estimate the impact of extending the maximum export term to 6 months, we calculated how many people who had used the full 3 months (89 days or more) would have been entitled to unemployment benefit under the amended regulation and for how long. We considered the number of people who *started* exporting unemployment benefit in the period 2018-2020 so that people who exported a benefit in more than one calendar year were not double counted.

Benefit payments and reimbursements received are recorded in the calendar year in which UWV made the payment or received the reimbursement. This, however, does not reflect the amount of foreign unemployment benefit payment in a particular calendar year. Member states can request a reimbursement from another member state up to 6 months after the calendar half year in which the final benefit payment was made. In some cases that can be 12 months after the end of the benefit. The requested member state then has 18 months to honour or reject the request. Up to 2.5 years can therefore lie between the end of the benefit and receipt of the reimbursement. The amount reimbursed in a particular calendar year is therefore no more than an indication of foreign unemployment benefit payments based on an employment history in the Netherlands. The reimbursements do not correspond 1-to-1 with the number of unemployment benefit payments made in that calendar year.

Data on reimbursements concern actual payments and receipts. Member states assess reimbursement requests as to their accuracy and do not need to reimburse more than the unemployment benefit payable in their home countries, differences therefore arise in the amount requested and the amount actually paid or received. Fluctuations over the years do not necessarily reflect an increase or decrease in unemployment benefit payments in those years.

Data on enforcement notifications received, investigations and measures in the three years audited cannot be linked directly to each other. Assessment of whether or not a notification should be investigated costs time, which cannot be justified in all cases. If a notification is followed up, the investigation itself costs time. A final opinion on a notification (to take a measure or not) can therefore be given only at a much later date. Notifications made in the period audited need not be investigated or lead to an opinion in the same period. Similarly, measures taken during the period audited are not necessarily the outcome of a notification or investigation made during that period.

All amounts, numbers and percentages in this report are rounded to whole figures unless the percentage is less than 1. On account of this rounding, cumulative percentages may not agree with the amounts concerned. Amounts are adjusted to 2020 price levels.

Selection of case countries and benefit schemes

This audit considers UWV's service provision and enforcement of benefits exported under 4 schemes (invalidity, incapacity, sickness and unemployment) to 4 countries (Germany, Poland, Spain and Turkey). The selection was based on the amount of benefit exports (in financial terms and number of recipients), EU membership status

and type of labour migrant (border workers, former guest workers, new labour migrants). We did not select Belgium or Morocco as their characteristics and the type of labour migrant were similar to Germany's and Turkey's respectively. As more benefit exporters reside in Germany and Turkey than in Belgium and Morocco, we decided not to select the latter.

Developments in the relationship with Belgium, where relatively many UWV clients reside, are therefore not considered in this report.

Our selection of countries and schemes covers 48% of the total amount of UWV benefits exported in 2018.

Appendix 5 Literature

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Appendix 6 Abbreviations

	Description
GDPR	General Data Protection Regulation
Cadans	merged industrial insurance boards for healthcare (BVG) and the retail and trade sectors (DETAM)
EESSI	Electronic Exchange of Social Security Information
GAK	Employee Insurance Administration Office
INSS	<i>Instituto Nacional de la Seguridad Social</i> (National Social Security Institute)
IVA	Income Support for the Fully Incapacitated
LISV	Netherlands Social Security Institution
SEPE	<i>Servicio Público de Empleo Estatal</i> (Estatal Public Employment Service)
SGK	<i>Sosyal Güvenlik Kurumu</i> (Social Insurance Institution)
Suwi-net	UWV, SVB and municipalities' data exchange system
SVB	Social Insurance Bank
SZW	Ministry of Social Affairs and Employment
USZO	Social Security Implementation Body for Government Personnel
UWV	Employee Insurance Agency
WAO	Incapacity Insurance Act
WAZ	Incapacity Insurance (Self-Employed Persons) Act
WIA	Work and Income (Capacity for Work) Act
WW	Unemployment Insurance Act
WWZ	Work and Security Act
ZW	Sickness Benefit Act

Appendix 7 End notes

- 1 Under the EU regulation, the maximum period is 3 or 6 months. Member states themselves choose what period they apply. The Netherlands chose a maximum period of 3 months. UWV permits a longer export period in exceptional circumstances.
- 2 The waiting time of 4 weeks is optional under the EU regulation. UWV applies this waiting time in nearly all cases.
- 3 This sentence was revised following ministerial clearance.
- 4 The income support scheme for the fully disabled (IVA) and the work resumption scheme for the partially disabled (WGA).
- 5 These two sentences were amended and added following ministerial clearance.
- 6 The figure was amended and a sentence was added to the title following ministerial clearance.
- 7 The Invalidity Insurance Act (WAO) was replaced with the Work and Income (Capacity for Work) Act (WIA) in 2004. Persons still receiving a benefit under the WAO were entitled to the benefit before 2004.
- 8 Data on benefit exporters to Spain and other south European countries are not available for this explanation. A relatively high number of incapacity benefits are exported to these countries, perhaps by Dutch nationals who move to Spain, Portugal or France after becoming incapacitated
- 9 In 2018, 43,000 employees resident in Germany and nearly 42,000 resident in Belgium worked in the Netherlands in 2018. In the same year, 9,000 people from the Netherlands worked in Germany and 12,000 in Belgium. See <https://www.cbs.nl/nl-nl/nieuws/2020/46/grenspendelaars-naar-nederland-wonen-vaak-vlak-over-de-grens>.
- 10 See <https://www.cbs.nl/nl-nl/nieuws/2019/14/bijna-180-duizend-banen-vervuld-door-polen>.
- 11 According to the Netherlands Scientific Council for Government Policy, the Netherlands is a European leader in flexible work. In 2020, 36% of workers did not have a permanent contract. The Council expects their number to increase. It also refers to studies by the OECD and Eurofund revealing that the Netherlands is not a European leader regarding the quality of work.
- 12 Compare Migrant Workers Protection Taskforce (2020), *Geen tweederangsburgers: Aanbevelingen om misstanden bij arbeidsmigranten in Nederland tegen te gaan* [No Second-rate Citizens, Recommendations to prevent the Abuse of Labour Migrants] and Netherlands Court of Audit (2021b) *Offenders Scot-Free, Victims not Helped*.

- 13 See Ministry of SZW (2021a) for the results of an expert meeting on the advantages and disadvantages and potential problems of the amendment.
- 14 UWV says video calls are cost effective and client friendly: clients do not need to travel and can make contact for even the slightest of questions. Our 2020 Accountability Audit of the Ministry of SZW also refers to the advantages of video calls. Disadvantages named in the Accountability Audit are that insurance doctors do not have physical contact with the clients and more calls are needed to make a good assessment (p. 59).
- 15 First-year sickness benefit assessments, assessment of improved capacity in second year of sickness and assessments under the WIA.
- 16 To have a WIA claim assessed, the client must honour a request by UWV unless he or she is unable to travel. To re-assess a WIA claim, UWV can request a further examination only after a doctor of the organisation in the country of residence has made an assessment. In this way, the Court of Justice of the European Union protects the employee.
- 17 See [https://www.rijksoverheid.nl/documenten/Parliamentary paperken/2021/12/22/kamerbrief-stand-van-zaken-onderhandelingen-verordening-88832004](https://www.rijksoverheid.nl/documenten/Parliamentary%20paperken/2021/12/22/kamerbrief-stand-van-zaken-onderhandelingen-verordening-88832004).
- 18 Another development following the reports of unemployment benefit fraud was the creation of a risk model to assess, amongst other things, unauthorised stays outside the Netherlands. The final version of the model was taken into operation in 2021. The model fell outside the scope of this audit.
- 19 See [https://www.rijksoverheid.nl/documenten/Parliamentary paperken/2021/12/22/kamerbrief-stand-van-zaken-onderhandelingen-verordening-88832004](https://www.rijksoverheid.nl/documenten/Parliamentary%20paperken/2021/12/22/kamerbrief-stand-van-zaken-onderhandelingen-verordening-88832004).
- 20 Talks between UWV and SZW on the 'revision of KPIs and public values' have provisionally concluded that KPIs that meet the following 5 criteria cannot be formulated: compliant, measurable, no perverse implementation effects, relatable to the policy goal and relatable to public values (Ministry of SZW, 2021).
- 21 The 2020 Accountability Audit also revealed that UWV's understanding of the quality of reintegration services was inadequate to set national performance agreements for the partially incapacitated who are receiving a return-to-work benefit. The information UWV has to provide to the Ministry of SZW does not provide such an understanding. In that audit, too, the Court of Audit recommended that client satisfaction should be surveyed (Netherlands Court of Audit, 2021a).

- 22 Following several earlier attempts to improve address registers (UWV, 2018a), attention turned to address registers again in 2021, in part owing to the study by the Migrant Workers Protection Taskforce that proposed several recommendations and projects to improve address registers (Ministry of SZW, 2021c).
- 23 UWV investigated intermediaries in 2015, 2016, 2017 and 2018 and made a raft of recommendations, such as translating the website, registering intermediaries and engaging interpreters (UWV, 2018a and 2018b). In a study in 2017, UWV found that 200 of the 697 clients selected (not only Polish nationals) used an intermediary (UWV, 2018a).

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Cover photo: Bert Janssen, ANP

Foto, Polish workers harvest

flower bulbs.

The Hague, October 2022