

# BREAKING THE BARRIERS

## New Thoughts in Organizing Vocational Rehabilitation and Other Interventions

### Introduction

The Ministry of Social Affairs in Iceland organized a work-shop in cooperation with the Ministry of Health and Social Security in Iceland and State Social Security Institute in Iceland, with a grant from the Nordic Council of Ministers. The work-shop was a part of a Nordic collaboration project and the main focus point was on vocational rehabilitation. The work-shop was held at Hotel Loftleidir, Reykjavik, 14.-15. April 2005, with about ninety participants from Iceland, Norway, Sweden, Finland and Denmark.

In the following pages you will find the working documents, speeches and PowerPoint presentations prepared and distributed before and at the work-shop. This brochure will be circulated to participants and others interested in the subject. The documents can also be approached at the website of the Ministry of Social Affairs in Iceland, [www.felagsmalaraduneyti.is/radstefnur](http://www.felagsmalaraduneyti.is/radstefnur)

The work-group that prepared for the workshop in Reykjavik held one meeting at Kastrup Airport as well as working and preparing the work-shop via the Internet. The work-group consisted of the following persons:

#### Iceland:

Pór Garðar Þórarinsson, Ministry of Social Affairs  
Sigurður Thorlacius, State Social Security Institute  
Arna Gerður Bang, Ministry of Social Affairs

#### Finland:

Heidi Patero, Ministry of Social Affairs and Health  
Jorma Jarvisalo, The Social Insurance Institution

#### Sweden:

Sisko Bergendorff, National Social Insurance Board  
Maria Eklund, National Social Insurance Board  
Christina Janzon, National Social Insurance Board

#### Norway:

Hanne Børrestuen, Ministry of Labour and Social Affairs

### Overview from the Nordic countries

Two weeks before the conference each country provided the following material to be distributed to all participants before the conference:

1. Overall analysis of major challenges and political commitments in the prevention of work disability.
2. An overview of the current and planned developments (models, collaboration techniques etc.) in managing the local collaboration of services in order to facilitate problems of people being at risk of work disability.
3. An overview of the current central and regional administrative systems and their developmental needs to make the local disability system more capable of managing the problems of the people in need of services.

# Breaking the Barriers

## – New Thoughts in Organizing Vocational Rehabilitation and Other Interventions

April 14-15, 2005, Hotel Loftleidir Reykjavík, Iceland

Chairperson: Þór Garðar Þórarinnsson, Ministry of Social Affairs in Iceland & Guðrún Sigurjónsdóttir, Ministry of Health and Social Security in Iceland

### AGENDA

#### Day one:

08:30 – 09:00	Registration	12:00 – 13:00	Lunch break
09:00 – 09:10	Opening Mr. Árni Magnússon, Minister of Social Affairs in Iceland	13:00 – 13:40	<i>Iceland,</i> Sigurður Thorlacius, Medical Director, State Social Security
09:10 – 09:20	Mr. Emil Thóroddsen, Chairman, Organization of Disabled in Iceland		Institute & Associate Professor, Medical Faculty, University of Iceland
09:20 – 10:20	Work and Activation in the Nordic Welfare State: an International Comparison, Mr. Stefán Ólafsson, Professor, Faculty of Social Science, University of Iceland	13:40 – 14:20	<i>Norway,</i> Hanne Børrestuen & Trude Eliassen, Advisers, Department of Welfare Policy, Ministry of Labour and Social Affairs
	Discussion	14:20 – 15:00	<i>Sweden,</i> Christina Janzon, Senior Insurance Manager, Social Insurance Agency
10:20 – 10:40	Coffee break		
10:45 – 12:00	1. Session: <i>Nordic overview of major challenges and political commitments</i>	15:00 – 15:20	Coffee break
10:40 – 11:20	<i>Denmark,</i> Jens Hørby Jørgensen, Head of Department & Ilse Dickmeiss, Head of Section, National Labor Market Authority		
11:20 – 12:00	<i>Finland,</i> Jorma Jarvisalo, Deputy Director, Research Professor, Social Insurance Institution		

## Day two:

15:20 – 16:30 2. Session, workshops - 4 themes	09:00 – 10:30	Group work continues
THEME 1: The current development models- analyzing what works and what does not, what pros and cons can be seen and what good practices can be identified from each country.	10:30 – 10:50	Coffee break
	10:50 – 12:00	Group work continues
	12:00 – 13:00	Lunch break
THEME 2: Central level and administrative levels: how much are the needed seamless services systems reflected in the central and administrative discourse?	13:00 – 13:30	Summary report from theme 1 and discussion
	13.30 – 14:00	Summary report from theme 2 and discussion
THEME 3: Risks of benefits, (or combinations of benefits) which create negative side effects, leading to barriers for people with disabilities from entering or staying in the labour market.	14:00 – 14:30	Summary report from theme 3 and discussion
	14:30 – 14:50	Coffee break
THEME 4: Internal factors at workplaces hindering people with disabilities from working. Are the problems related to the individual, the working environment or attitudes of colleagues?	14:50 – 15:20	Summary report from theme 4 and discussion
	15:20 – 15:50	Recommendations for reorganization of vocational rehabilitation and other interventions
Groups will choose reporters to summarize the themes discussed on day two	15:50 – 16:00	Closing of the conference,  Mr. Jón Kristjánsson, Minister of Health and Social Security in Iceland

# Overall analysis of major challenges and political commitments in prevention of work incapacity in Iceland

## Directorate of Labour

Directorate of Labour is the Icelandic Labour Market Authority. Directorate of Labour was established in 1997 and is responsible to the Minister of Social Affairs. The main field of work is to transfer the labour market policy into reality, to monitor the regional employment offices, supply the regional employment offices with professional assistance, and collect information from the regional employment offices on the employment situation, unemployment and employment trends. Additionally it is to process information from the regional employment offices, and supply recommendations on labour market measures to the board of the directorate.

Directorate of Labour consists of 8 regional employment offices throughout the country. Among tasks of the regional employment offices are to ensure finding suitable jobs for jobseekers and to assist employers to find the relevant employee. Unemployment registration is also the task of the regional employment offices. Each regional employment office has a regional employment council which is composed of representatives from the labour market organisations, the local authorities and the secondary schools.

The activities of the Unemployment Insurance Fund as well as the activities of the Wage Guarantee Fund are located in the head office of the Directorate of Labour.

The total number of staff at the Directorate of Labour is about 80: 20 in the head office in Reykjavik and the rest in the regional employment offices.

### To summarize, the main tasks of the Directorate of Labour are as follows:

- Employment services – job-seekers, recruitment service, and labour market statistics.
- Labour market measures
- Unemployment registration
- Wage Guarantee Fund

- Vocational Education Fund
- Issuing of work permits
- International co-operation

The average rate of unemployment was 3,1% in the year of 2004 but 3,3% in 2003. The rate of unemployment is decreasing at the moment; the estimated rate is 2,8% in 2005. Total payment of unemployment benefits was 4.200 million ISK in the year 2004.

The emphasis has been on labour market measures in the last 2-3years, to help people back to work through various training programs and vocational education. This effort has proved to be successful, especially the agreement with firms taking on unemployed people for 3-6 months training which has resulted in 60-70% permanent employment.

## The role of the Directorate of Labour in regard to the disability sector:

The disability sector in Iceland is now under reform, so it is not yet clear what the responsibility of the Directorate of Labour regarding employment of the disabled will be in the future. However the Directorate:

- Organises a special division at the Employment Service in Reykjavik of the disabled.
- Has contributed financially to the SE (supported employment) in Reykjavik.
- Has through the Vocational Education Fund supported various educational and training courses.
- Has taken part in discussions and committee work to re-organize the structure of vocational rehabilitation in Iceland. That work is well under way where the focus is on offering better services at the same time using governmental resources more effectively.

## The State Social Security Institute

The State Social Security Institute (SSSI) of Iceland is in charge of the social security system in Iceland (sickness

insurance, accident insurance, patient insurance and pensions). This includes paying for health services abroad. The SSSI pays for health services for Icelandic citizens studying in the US and for patients referred to US hospitals in the rare case when the necessary health services are not available in Icelandic, e.g. surgery for epilepsy or congenital heart disease. In Iceland the SSSI participates in the payment for various health services outside hospitals, such as drugs and services of physicians, dentists and physical therapists. The SSSI administers approximately 20% of the national budget of Iceland. The SSSI, in co-operation with the University of Iceland, carries out research in the fields of social security and health.

Sickness insurance and pensions are regulated at the national level in the National Social Security Act of Iceland (no. 117/1993) and the National Social Assistance Act of Iceland (no. 118/1993). These benefits are allocated at the national level by the SSSI in Reykjavík.

### Short term sick benefit

Allocation of this benefit is based on the applicants' loss of capacity to work (the applicants usual occupation) for a minimum of 21 days (with payment from the 15th day). The definition of work includes studies at acknowledged schools and domestic work. The applicants must submit a physician's certification of incapacity to work, have valid sickness insurance at the SSSI and be aged 16-66 years.

The working capacity of applicants is assessed by medical officers of the SSSI, mostly based on information in medical certificates.

Short term sick benefit can be granted for a maximum of 52 weeks within a period of two years.

The amount of the short term sick benefit is considerably lower than that of rehabilitation pension and full disability pension.

### Rehabilitation pension

Rehabilitation pension can be granted in cases where prognosis regarding disability is uncertain and rehabilitation is being carried out.

The applicants' physician provides a certificate which includes a rehabilitation program. This is assessed by a medical officer at the SSSI.

The applicants must have lost capacity to work, but it is considered likely that he will regain capacity to work through rehabilitation. The submitted rehabilitation program must be satisfactory. The applicants must have a valid pension insurance at the SSSI, be aged 16-66 years and have received short-term sick benefit or statutory sick pay for at least 3 months.

### Disability pension

A full disability pension can be granted to individuals aged 16-66 years. A reduced disability pension can be granted to individuals with less reduction in earning capability and to people who are fully employed but have considerable extra expenses due to disability.

The applicants must have valid pension insurance at the SSSI and be aged 16-66 years.

The working capacity of applicants is assessed by medical officers of the SSSI. Disability assessment is based on a scoring system of functional impairment caused by medically accepted diseases or impairment. The scoring system is based on the British Personal Capacity Assessment (previously known as the All Work Test). In this assessment, function is evaluated by assessing the ability to perform certain activities of body and mind, for instance walking, lifting, speech, coping with pressure and interacting with other people. This functional evaluation is intended to reflect the applicant's ability to perform all types of work. In the majority of cases the claimant is invited to an interview and a clinical examination carried out by a physician working as a contractor for the SSSI. The physician fills in a standardized report on the claimant's abilities to carry out the functions defined in the Personal Capacity Assessment for the SSSI. The SSSI has the task of taking an active part in the rehabilitation of individuals unfit for work when this is deemed necessary. According to the National Social Security Act, applicants for disability benefits may be required to go through a rehabilitation program before their applications for disability benefits are processed.

### Health service

The health service in Iceland is primarily financed by the central government. Financing is mainly based on taxes or 85% and 15% is fee for service. The country is divided into health care regions, each with their own primary health care centres, some of which are run jointly with the local community hospital. The primary health care centres have the responsibility for general treatment and care, examination, home nursing as well as preventive measures such as family planning, maternity care and child health care and school health care. Hospitalization in Iceland is free of charge.

# Breaking the barriers – new thoughts in organizing vocational rehabilitation and other interventions in Norwegian policy

## I: Major challenges in prevention of work disability

Labour market outcomes in Norway are among the best in Europe, with a very high participation rate and with low unemployment. Long term unemployment rate is low.

Behind the high participation rates are high participation rates among women and older people. 79.7 percent of the total population (15-64 years) participates in the labour force (2003). The OECD-average is 71 percent. The unemployment rate is approximately 4.5 percent (2003). The OECD-average is 6.9 percent.

However, a great challenge for the norwegian society and welfare system since and during the 1990ties, is that an increasing part of the employees leaves working life due to sickness, disability or early retirement. An increasing part of the fiscal budget has been “tied up” due to sickness benefits and disability and early retirement pensions. By the end of december 2004 there was registered:

- 311 000 on disability benefits
- 125 000 on sickness benefits[1]
- 50 600 on rehabilitation benefits
- 67 226 on vocational rehabilitation benefits[2]
- 84 854 on unemployment benefits.

In addition, Norway is at risk of having lack of employees in certain areas of the labour market. Finally, staying outside the labour market affects the individuals income and living conditions.

Like many other countries, we have challenges concerning the demographic development. We will have more elderly people: presenting an increase in accumulated pension liabilities as well as a greater demand for publicly financed health and care services.

And we will have fewer people in the labour force to support them. Hence, we are facing major challenges to secure the basis for continued welfare. One is to prevent

the outflow from the labour market by reducing sickness absence, by rehabilitating and integrating employees with impaired functional capacity and by raising the average real retirement rate

Further, we still have to keep unemployment low and prevent groups and individuals from getting stuck in long-term unemployment. Another is to design long-term sustainable pension and benefit systems: combining security with motivation for work.

Our aim is to have an inclusive labour market – thus creating work possibilities for every individual with a work capacity and ensuring the labour force necessary for future economic growth. We should ensure quality jobs, combining productivity and employment security. And we should ensure everybody a satisfactory income level, primarily through work, but also through our social security system and our social support safety net for those who cannot work.

An inclusive labour market is an important means towards an inclusive society. An inclusive society is a society where people with disabilities fully participate on an equal basis. Norwegian policy concerning people with disabilities is rooted in the welfare state principles of equality of opportunities, rights and obligations.

## II: The current norwegian welfare-system related work disability

### 1 Labour market policy

An active labour market policy plays an important role in the Norwegian policy of preventing work disability. An active labour market policy emphasize job placement services and targeted programmes. Increased importance is put on job-search assistance and job-clubs in order to facilitate job-search activities by the unemployed. In addition, skill-enhancing training programmes are targeted at labour market entrants (notably youths and immigrants) and long-term unemployed. The goal is an integrated

labour market policy for all. To get good results, it is very important to focus on close cooperation between the labour market authorities, the educational authorities, the health care system and the social security system on the one hand, and with employers on the other hand. The great challenge is to make all the different components working together to help those in needs of assistance.

#### *The organisation of the public employment services (PES)*

Labour market services in Norway are state organised and financed. The ultimate responsibility for the employment sector lies with the Ministry of Labour and Social Affairs. The PES is responsible for implementing labour market policy in practice. It is organized with a Directorate of Labour and local offices throughout the country providing employment services to individual users.

Job placement services, job placement measures (e.g. training) and benefit services for the unemployed and people undergoing rehabilitation are all gathered in the PES. This ensure a good opportunity of seeing the various factors in a larger context.

The PES' users are primarily the unemployed and the vocationally disabled, who are given various individual services – all aimed at bringing people towards active participation in working life. In addition, the PES produce and offer a nation-wide database covering all vacant jobs. This is a service to all job-seekers, not only to the unemployed.

This state financed and nationally organised labour market setup ensures that the central aim of "work for all" is met equally across the country, regardless of the local labour market situation or of short-term profitability. The Directorate can distribute and redistribute resources (within given budgets) to where they are needed, geographically or towards specific target groups, in a flexible manner.

### **Vocational disabled/ vocational rehabilitation**

Vocationally disabled persons are defined as job seekers with a physical, mental or social handicap, which reduces their job opportunity. The number has increase the last few years, and is still increasing. The increase, is partly a wished for development. The government has stimulated the use of active rehabilitation measures, in order to bring them back into the labour market and to stop the influx into disability pension.

Vocationally disabled is the fastest growing, and the biggest single group registered at PES. The number of vocationally disabled workers has raised from grossly 54 000 in 1995 to 94 596 by December 2004 and it is still increasing. The group size is now at the same level as all other groups registered at PES as ordinary jobseekers. This has caused a swift in focus by the PES in favor of a stronger emphasis on the vocational disabled. It is also given high priority by the Norwegian government.

#### *Assistance to vocational disabled.*

The policy of integration and normalization implies that disabled persons as far as possible shall be given training and work experience in ordinary work setting, both in the public and the private sector, rather than in segregated sheltered work. The aim is to integrate vocationally disabled persons more fully in the ordinary labour market. Where vocational rehabilitation is considered as appropriate and necessary to ensure that the person can enter or re-enter into ordinary work, a plan of action for rehabilitation is drawn up for each individual job seeker. The plan describes what the person himself has to do and how the PES will assist him or her. The job seeker is supposed to play an active part in the process.

Vocationally disabled may use the whole range of services developed by the PES, from information and counselling, to ordinary labour market measures and job-placement assistance. Programmes aimed at disabled people in ordinary work are offered on a temporary basis. In addition we have a wide variety of labour market measures set up for this target group, including temporary training in sheltered workshops. Vocationally disabled may even attend ordinary school or university courses while receiving benefits. For those with special needs due to strong physical, psychological or social problems, programmes in sheltered sector exist as an alternative. The measures offered in sheltered sector can be on a temporary or a permanent basis.

Over the years there has been a steady rise in the number of vocationally disabled persons registered at the PES that participate in a labour market programme, from about 45 000 (2000) to 60 000 (2005). Of all the disabled persons who have participated in vocational rehabilitation 40 pst are rehabilitated for jobs in ordinary labour market.

During vocational rehabilitation, the person concerned may receive ordinary wage, vocational rehabilitation benefit, disability pension or a special grant, depending on the measure in which the person takes part. An employer who hires a vocationally disabled person may, in addition to guidance in rehabilitation matters, receive wage subsidies and some support for investment costs and assistance in the job-situation.

### **Wage subsidies**

An important placement or recruiting scheme is wage subsidies to employers. Wage subsidies are intended to assist vulnerable groups of job seekers to be employed on ordinary wage and employment conditions. The wage subsidy is intended to be a door-opener to workplaces. This is achieved by providing a time-limited wage subsidy to employers that employ job seekers and vocationally disabled on ordinary wage and employment conditions with the aim of establishing a permanent employment relationship.

A wage subsidy is to be given in the form of a percentage wage refund for a limited time period. The refund is to be calculated on the basis of the wages and the employers' social security contributions etc. The wage subsidy is to compensate for the employee's lower rate of productivity during an initial period. A full wage subsidy equals 50 per cent of wages for up to 18 months.

In addition to this regular scheme there is also established a five year pilot project where the target group primarily is people with muscular/skeletal or mental disorders who have already undergone a rehabilitation programme. The duration and the level of the wage refund are more generous in this project than in the regular scheme.

There is also from 2005 started up a pilot project in 5 counties where disability pension can be used as a wage subsidy. The aim of this pilot is to stimulate employers to hire disabled persons, and that the disabled gets an opportunity to try out his/hers work ability.

## 2. The Health and Safety at work and Labour law area

The health and safety area is an area where the employer has the overall responsibility. However the Labour Inspectorate has an important role in motivating enterprises to work systematically to improve health and safety standards. Focus is on preventive measures and focus is on the work place.

## 3. The National Insurance Schemes

The National Insurance Schemes should ensure a satisfactory level of income and at the same time be designed so as to give necessary incentives to work. Some schemes are specially aimed at getting long-term sick and disabled people back to work, but at the same time give reasonable income- security for the period the person is out of work.

### *Rehabilitation benefits*

When the period of entitlement to daily cash benefits in case of sickness has expired, one may be granted a rehabilitation allowance, provided that his or her

working capacity is still reduced by at least 50 per cent. It is a requirement that he/she is undergoing active treatment with a view to improving his/her working ability.

Rehabilitation allowance may also be granted to persons who have not been entitled to cash benefits in case of sickness, when the incapacity to work has lasted one year. Young students who become seriously ill may receive rehabilitation allowance after 20 weeks. In the later stages of a period of rehabilitation, rehabilitation allowance may be granted if the working capacity is reduced by 20 per cent or more. Rehabilitation allowance is generally only granted for a period of 52 consecutive weeks.

Expenses for technical aids and for purchasing of cars may be covered. Aids, interpretation services, guide dogs etc. may be covered if deemed necessary and appropriate for the improvement of his/her ability to manage the situation of daily life, or to undergo vocational measures.

### *Disability benefits*

Persons between 18 and 67, whose working capacity is permanently reduced by at least 50 per cent due to illness, injury or defect, is entitled to a disability pension

From January 2004 the disability scheme was divided into a permanent disability pension and a time limited disability benefit. The permanent disability pension will be granted those who after having undergone appropriate treatment still are without prospect of going back to work in the future. The time limited disability benefit will be granted those who have the prospect of going back to work.

The time limited benefit will be granted for a period from one to four years. After this period the time limited disability benefit will be reconsidered and may be prolonged for a new period up to four years.

## III: Actual Political initiatives and reforms with the aim to prevent work disability.

A broad range and combination of measures are needed and used in prevention of work disability; labour market policy, social policy, economic policy, education and research policy as well as health services, to mention some areas. The linking of social and economic policy is an acknowledgement of the important role of labour market policy and social policy in creating a competitive and sustainable economy. What is even more important it provides a very powerful and coordinated approach to the mainstreaming of policies directed towards employment promotion and activation as the principal objectives of the social policies. Such policies require a shift in emphasis from passive income support to active labour market programmes that include training, job counselling and placement assistance and follow-up.

The ministry of Labour and Social Affairs are in charge of some crucial policy initiatives in developing a more inclusive labour market and society;

### 1. Inclusive work places (IW) – a tripartite agreement.

To reduce the outflow from the labourmarket to health related benefits and early retirement schemes, The Government and the social partners agreed in 2001 to sign an Agreement to cooperate on strengthening an active labour market policy in the workplace (IW Agreement). The specific objectives of this Agreement are:

- to reduce sickness absence by at least 20% for the whole

of the contractual period as compared with the sickness absence rate for the second quarter 2001,

- to secure employment for a far greater number of persons whose functional capacity is impaired, than is the case today.
- to raise the real retirement age (i.e. the average age of retirement from working life).

Several measures are implemented in order to achieve these objectives. The IW Agreement is based on the principle that the single workplace is the main arena for achieving an inclusive labour market. One important policy instrument has been the possibility for enterprises to enter into binding cooperation agreements with the National Insurance Service (and thus become IW enterprises). The National Insurance Administration has established Working life Centers in each county which supports the enterprises with a number of incentives and measures.

The main idea to succeed, is that the agreement is known and accepted in all parts of the labourmarket and also in every company. The crucial point is the dialogue between the employer and the employee to find solutions.

The agreement This Agreement is being entered into for a trial period of four years, effective from 3 October 2001 until 31 December 2005. An evaluation of this Agreement was carried out after the 2nd quarter 2003. The evaluation showed that the objectives was far from reached, but the government and the social partners still agreed to continue the cooperation.

However, the Government and the social partners was of the opinion that the IW concept has gained considerable support in the Norwegian workplace and that this can lead to results over time. The Government and the social partners therefore agree to uphold the IW Agreement for the agreed period until the end of 2005. The prerequisites for its continuation are laid down in a Declaration made on 3 December 2003 by the parties to the IW Agreement.

As a follow up of the Declaration, there has been some changes in the sickness benefit schemes, which strengthens the obligations of the employees, employers and the medical doctors. The changes came into practice in July 2004.

In 2004 the rate of sickness absence is falling. The statistics shows that the sickness absence has been reduced by almost 25 pst from the end of 2003 til the end of 2004. Especially, the long term absences has been reduced. We expect that this will have positive impact on the further use of rehabilitation - and disability benefits.

The IW- agreement will be fully evaluated by the end of 2005. Then the government and the social partners will discuss and negotiate the future policy in these matters.

More information on  
<http://odin.dep.no/asd/arbeidsliv/bn.html>

## 2. Policy measures relating to persons with a reduced functional ability.

The government have presented the measures in a White Paper "Dismantling of Disabling

Barriers". The strategy is to strengthen the individual's capabilities and at the same time make society more accessible – as disability arises in the gap between the individual's capabilities and the demand made by society. The policy for disabled persons is based on the principle of mainstreaming an universal design. More information on

The government has presented an action plan for increased accessibility for persons with disabilities – a plan for universal design in key areas of society. The Government's action plan for increased accessibility for persons with disabilities aims to enhance accessibility for all, and directs special focus towards persons suffering from functional impairments. These include disabilities affecting vision, hearing, mobility, cognition and sensitivity to environmental factors (individuals with asthma/allergies).

This action plan is designed to unify and strengthen efforts to increase accessibility to buildings, outdoor environments, products and other important areas of society. It has been drawn up by the Ministry of the Environment and the Ministry of Labour and Social Affairs, in close cooperation with other relevant ministries. The plan incorporates initiatives under the auspices of 15 different government ministries. More information on  
[http://www.universellutforming.miljo.no/artikkel\\_english.shtml?id=185](http://www.universellutforming.miljo.no/artikkel_english.shtml?id=185)

## 3. The action plan to recruit disabled persons to work in the governmental sector

In the next two years, government agencies have been compelled to ensure that at least 5% of their new employees are recruited among persons whose functional capacity is impaired (including employees with occupational disabilities, employees in rehabilitation schemes, reactivated employees on disability benefits). More information on

<http://odin.dep.no/filarkiv/216302/veilederen.pdf>

## 4. Proposed reforms concerning the pension system, the working environment, the working time and employment protection

*Reforming the pension system*

In December 2004, The Norwegian Government presented a White Paper on reform of the Norwegian pension system:

- The pension system must secure the future of the National Insurance Scheme, by making the system financially sustainable.
- The pension system must stimulate people to work more.
- The pension system must continue to ensure that all retirees receive a guaranteed minimum state pension.

More information on  
<http://www.pensjonsreform.no/english.asp>

#### *New Act on Working environment*

The Government has recently put forward a proposal for a new Act concerning the working environment, the working time and employment protection to the Parliament. The overall concern is to create a more inclusive working life. At the same time we have to meet the challenges in the labour market from a growing demand for flexibility and different forms for working arrangements. Protection of the workers is a main concern. Some of the difficult issues are the degree of flexibility with regards to working hours and the issue of job security, and connectedly the possibility to use fixed-term work contracts for a shorter period of time. One of the aims of this proposal is to lower the threshold to the labour market for different vulnerable groups; for instance persons with various levels of disablement. The Government propose to soften up today's legal restrictions about temporary employment. This will contribute to/create larger possibilities for these vulnerable groups in the Labour market.

More information on  
<http://odin.dep.no/filarkiv/238642/Kortversjon.pdf>

## **5. A new Public Employment and Welfare service. The Norwegian Reform on the Coordination of the Public Employment Service, the National Insurance Service and the Social Assistance Offices**

Today, the administration of the welfare- and employment services in Norway is divided between three main public welfare agencies: the National Insurance Service and the Public Employment Service run nationally, and the municipal Social Assistance Offices. As a result of this organisational structure, coordination of these services has to cut across administrative borderlines as well as administrative levels. The present system has been criticised for being fragmented and inaccessible to clients who are in need of combining services from two or three agencies, and it has been claimed that the coordination of different services has been inefficient or lacking. To amend system failures and to create a system better equipped to reach important policy objectives the Norwegian Government is suggesting a reform to

coordinate the Public Employment Service, the National Insurance Service and the Social Assistance Offices.

In december 2002, the Parliament unanimously asked the Government to consider the possibility of one organisational body for the tasks of the present three agencies. One year later, the Government presented a white paper to the Parliament including a proposal on how to organize the services in the future. The parliament (a majority) did not make any decisions on the question, but asked for new considerations.

To follow up this, the Government in August 2003 appointed an independent committee with a mandate to consider different organisational models for coordinating the three agencies, and to submit a report by June 30, 2004.

The government has set three main goals for the reform:

- Increase the number of persons working or engaged in other activities, and reduce the number of people dependent on welfare benefits.
- Develop a more user/client-oriented welfare system.
- Develop a more effective welfare system.

The Governments have now recently presented a proposal for a new Public employment and welfare service. The proposal will be discussed in the parliament this spring. The main elements in the proposal is

- local offices containing all employment and insurance services in cooperation between the new central government agency and local authorities
- a merge of the National Insurance Service and the Public Employment Service into one new central government agency
- social assistance will still be the responsibility of local authorities, but integrated in the new local welfare-office

In addition to organisational changes, it is necessary to design benefits, regulations, statutory rules and services to lead those who are able to work into working life. These matters will be addressed parallel to the work on an organisational reform. The government will present a White Paper til the Parliament in the spring 2006, which will discuss these matters.

More information on  
[http://odin.dep.no/filarkiv/240252/Ny\\_arbeids\\_og\\_velferdsforvaltning.pdf](http://odin.dep.no/filarkiv/240252/Ny_arbeids_og_velferdsforvaltning.pdf)

## Overall analysis of major challenges and political commitments in prevention of work incapacity in Sweden

ACCORDING TO the Swedish Labour Market Administration and Statistics Sweden more than one million people in Sweden have some kind of disability. That means that about every fifth person in the population report having some kind of disability. Every tenth individual in Sweden between age 16-64 say they have some disability that also result in reduced ability to work. This means that almost half of those disabled feel their ability to work is reduced. Hence, the issue of work and disability is important not only from an individual perspective but also from an economical point of view; a large part of the working population have some kind of disability. Yet, many persons with a disability are outside the labour market.

### Political commitments

The basis of the Swedish disability policy is that people with disabilities are citizens with the same rights and the same obligations as others. Society must be built with an awareness that people with disabilities like any other member of society want to be able to decide about their day-to-day lives, acquire an education, earn a living, make their voices heard and enjoy a rich recreational and social life.

To attain full participation and equality for people with disabilities, all environments must be accessible and all social activities designed to that everyone can take part according to their ability. The UN Standard Rules for guaranteeing people with disabilities equal opportunities and participation form the basis of the Swedish disability policy. The objectives of the policy are:

- a social community based on diversity,
- a society designed to allow people with disabilities of all ages full participation in the life of the community,
- equal opportunities in life for girls and boys, women and men with disabilities.

The policy area includes initiatives aimed at ensuring that people with disabilities participate fully and on equal terms

in the life of the community. These initiatives, which span over a number of policy areas, comprise both individual support in the context of general welfare policy and efforts to make society accessible.

An action plan for disability policy From patient to citizen , extends until 2010 and involves all sectors of society. According to the action plan, work on disability policy should be particularly directed at identifying and removing obstacles to full participation in society for people with disabilities, to prevent and fight discrimination and to make it possible for children, young people and adults with disabilities to lead independent lives and to make decisions that affect their own lives.

Up until 2010, three working areas will also be prioritised:

- the Government will work to ensure that the disability perspective permeates every sector of society,
- to create a society that is accessible to all and
- to improve our approach and response to persons with disabilities.

The national action plan entails a structure for work on disability policy, defining clear responsibility for government agencies. Work is directed at longterm solutions and focuses on practical action in a continual process of gradual implementation. The state should act as role model in work to achieve a more accessible society. Fourteen agencies have been selected as so-called sector agencies, with special responsibility for implementing disability policies in their respective sectors.

The discrimination Act (2003:307), which entered into force 1st July 2003, bans different forms of discrimination, including disability. There is also a Discrimination Act from 1999 specifically prohibiting discrimination in working life.

### The local collaboration of services

The Swedish system is based on the idea that the responsibility and support should be distributed between

different authorities. This is not selfevident, even though it has been the case since the 1960s, with the development of a modern disability policy. During the 1960s and 1970s there were intense discussions on support to people with disabilities, a struggle against institutions and segregation and a fight for equality of opportunities. The institutions were to be torn down and, instead, ordinary homes were to be made accessible. Integration and normalisation became the slogans. Before that the institutions supplied all the support the individual could be thought to need. The aim of the reorganisation was to integrate disabled people into the community, which affected the ways in which support for this group was to be administered. Thus the division of responsibility among different authorities can be viewed as a way of realising the idea of integrating people with disabilities into the community.

The idea is nowadays termed the *principle of responsibility and financing*. The underlying notion is that each area of society should take its own responsibility for issues concerning people with disabilities. It also implies that the support given to people with disabilities should be integrated with general services rather than being administered by a special "disability authority". This is an important notion. People with disabilities should not be separated from the rest of the population but should go to the same authorities as all others do to have their needs for support and service met.

But, the principle of responsibility and financing has another side to it. For people needing much support, it may be complicated to keep track of the various authorities involved. This difficulty and need of a better dialogue between involved authorities have been recognised and steps in the right direction have been taken. The dialogue between the Swedish Social Insurance Agency and the Labour Market Administration has for example improved. This is important, as these authorities must have the same view upon the work capacity of the individual.

Another important instrument is the personal representative (ombud) for people with a psychiatric disability. The representatives act as a kind of "case

manager" and as such coordinate the support provided for by the different authorities and supports the individuals in their contacts with the authorities.

The Disability Ombudsman monitors the rights and interests of people with a disability. The Disability Ombudsman is appointed by the Government. There is a central office to assist the Ombudsman in her/his work. The Swedish Social Insurance Agency has amongst other things developed a kind of "service declaration" to give better and clearer information and service.

Apart from the few examples of steps to coordinate and improve services on a national level there are also various local projects to support people with disabilities. There are for instance projects aiming at cooperation on a financial level, to prevent monetary discussions from being an obstacle. There are also projects that strive for a better accessibility for people with disabilities. Local initiatives have furthermore been taken to create network between authorities and the labour market to find work or possibilities for work training. Naturally, there are also administrators that cooperate on a daily basis.

## The current central and regional administrative systems

Many people with disabilities need no special support. A wellfunctioning community with good accessibility to the physical and social environment may be all that is needed. For people who do need support in consequence of their disability, various kinds are available. The responsibility for the support is divided among the municipality, the county council and the state. Different laws and ordinances regulate each authority's responsibility.

Authority	Main responsibility	Important laws/ordinances
Municipality	Basic responsibility for all citizens and the living conditions, e.g.: <ul style="list-style-type: none"> <li>– home adaptation</li> <li>– transport services</li> <li>– organised daily activities</li> <li>– home help services</li> </ul>	Social Services Act (SoL, 2001:453)  Act on Support and Services for Certain Disabled Persons (LSS 1993:387)  Act on Municipal Transport Services for Elderly and Disabled Persons (1997:736)
County council	Certain special measures, e.g.: <ul style="list-style-type: none"> <li>– health care</li> <li>– habilitation</li> <li>– medical rehabilitation</li> <li>– technical aids</li> </ul>	Health Services Act (1982:763)
State/social insurance	Financial support and compensation for additional costs	National Insurance Act (1962:381)  Act on Disability Allowance and Care Allowance (1998:703)  Assistance Allowance Act (1993:389)  Ordinance regarding Car Allowance for Persons with Disabilities (1998:890)
State/labour market authorities	Assist people with disabilities to obtain or to keep a job.	Ordinance regarding Special Measures for People with Occupational Disabilities (2000:630)

The municipalities have the ultimate responsibility for ensuring that citizens living within their borders obtain the support and help they need. The municipality represents the basis of the support offered by the community to people with disabilities, such as home adaptation, home services and housing.

The role of the Swedish county councils in the support system surrounding people with disabilities includes the provision of health care, habilitation, medical rehabilitation, technical aids needed for a person's daily living.

The social insurance is a part of the lives of practically all citizens. It is of great importance for people's social security and welfare. Every citizen is legally entitled to insurance benefits and allowances in various situations of life. Apart from the maintenance support, four benefits are earmarked for people with disabilities. Their main purpose is to cover various forms of additional expense the disability may entail.

The labour market authorities are responsible for ensuring that disabled people with limited working ability gain entry to the labour market and that, where necessary, the actual working environment is adapted so the person can continue in work. Various forms of labour market support are intended to increase the opportunities for people with disabilities to be gainfully employed. Of these forms, wage subsidies and operations of the sheltered employment organisation are perhaps the best known. In addition,

employers can obtain financial assistance with various costs for e.g. the purchase, rent or repair of technical work aids, or the costs of audiotaped or braille literature for employees with visual or hearing impairments.

The overall objective is to utilize the working capacity of each person, making it possible for the individual to support his or her own living through a job. The Swedish welfare model is based on the principle of work. Active labour market programmes are therefore given priority over the passive payment of benefits, just as this is the priority for all who are unemployed. In the end, programmes are to enable integration into the open labour market, even if this is accomplished via subsidized employment.

The Swedish policy is that mainstream labour market programmes are to be employed prior to programmes targeted at people with disabilities. In the Ordinance (2000:630) concerning labour market programmes for the disabled, it is indicated that wage subsidies only can be granted if a person with employment restrictions is deemed unable to receive or hold a job without a wage subsidy and only if the persons needs cannot be satisfied through any other measure than wage subsidies or sheltered employment. Targeted programmes are only to be offered if mainstream programmes do not provide sufficient support.

## Major challenges

There are in all probability many challenges to be faced. Perhaps one of them is to produce results. The words formulated to describe the goals of disability policy are couched in sweeping terms. The descriptions have therefore become unassailable as guidelines for policy work, and there is a risk that disability policy most resembles spun sugar: sweet but lacking in substance. Over and above the difficulties of evaluation, it is also hard for a country's citizens to judge the value of the policy followed if achievement of its goals cannot be measured. And if the goals are unclear it is hard to insist on changes.

Another important challenge may well be to simplify the system, that is to simplify the rules and the administration. *The principle of responsibility and financing* is important from the point of view of integration and normalisation, yet the system is not created for those in need of much and more or less constant support. Moreover, the border line of responsibility of the respective authorities involved is not always clear, which can lead to a situation of "no responsibility". To make it even more complicated, the system consists not only of different responsible authorities; each authority is divided into various sectors. The bureaucratic organisations handle large numbers of applications. Each case has to take the shortest possible time. Hence, each authority is interested only in the information relevant to the case in question. But people are complex beings made up of personality, experience of life and a social context, while dispersal of support among different authorities' means in practice that each authority is interested in a small piece of a person. Nobody has an overall view of the person's total circumstances. Another complicating factor is the difficult rules and the complexity of rules and the speed of change of these rules, which was also recognised by the Swedish National Audit Office in a report from 2002.

Still, how the system works in practice must be judged in terms of how it helps the people for whom it is intended. In 2002 the former Swedish National Social Insurance Board conducted a Study of Living Conditions. One question in the questionnaire ran: "The lines below are for you to describe in your own words what you think is best and worst about presentday support for people with disabilities. What do you consider should be improved?" Of the almost 5,000 who completed the questionnaire, about 2,000 answered this open question. One-fifth chose to describe their contacts with the support system and its officials. The answers included both negative and positive comments, but the negative ones were in a clear majority. The most common comments were that it is hard to find information and that one has to fight for one's rights.

Another dilemma is the notion disability and how it is interpreted. Opinions differ about what constitutes a disability and how the category "disabled persons" should be defined. A bureaucrat often uses an administrative definition; those entitled to a specific programme/benefit are considered as disabled, implying that those not entitled are not disabled. Important to note is, however, that receiving a disability benefit is not the same thing as being unable to work, and working without receiving a benefit is not the same as not being disabled. Another point is the risk that disability – being regarded as permanent – affects the idea of need of for example rehabilitation, education and job. If that is the case, the interpretation in itself restrains the possibilities for the individual.

In addition, to speak of "people with disabilities" may suggest a homogeneous group with common needs and experience. In fact, recipients of social insurance support show a very great range, as do the factors that have caused their disabilities. Here it is very definitely the case that "each person is unique". As in all political activity, disability policy must to some extent be designed following general – and generalised – descriptions. The methods and means for attaining the goals of disability policy must become significantly more sensitive to the heterogeneity of this target group. In some cases, it is mainly the lack of accessibility that encroaches upon disabled people's potential to live as others do and to participate in community life. In others, the need is largely for support from another person. Ongoing work towards an accessible society and the attainment of Sweden's disability policy goals should therefore include the search for unique solutions to unique needs rather than trying to find universal solutions. Entry to the labour market, for example, may for some people be via higher education, while for others it may involve training, or the creation of a daily occupation that resembles gainful employment.

## Breaking the Barriers of Promoting employment: Challenges and political Commitments in Finland

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### I. The Finnish social challenges

Finland is a northern country with a population slightly over 5.2 million and work force of some 2.7 million. A special feature is that while the areas around some bigger cities are rather densely inhabited and form growth centres, there are wide sparsely inhabited areas in east and north where the economic development shows less positive trends. Another aspect of the country is the high number of municipalities, which were 432 in the beginning of 2005. The average number of inhabitants per municipality is some 11 400, but the range is wide. There were 22 municipalities with less than 1000 inhabitants. But in spite of this the municipalities are assumed to handle the funding of their service responsibilities (e.g. schools, health services and social services) through a proportional local tax and a state subsidy, which is to some extent weighted against the population characteristics of the municipalities. In 2005, a political project to revise the municipalities and services was set up by the government, to make the necessary proposals in 2006.

As in many other western countries, the Finnish social security system related to sickness, absenteeism and unemployment is complex (e.g. Social Insurance Institution 2004, Niemelä and Salminen 2004).

Table 1 lists shortly the major challenges Finland has to face when developing its systems to manage its future.

### II. Political commitments

#### Prime Minister Vanhanen's Government Programme

Prime Minister Matti Vanhanen's government has been in the office since 2003. The government programme is detailed in many issues that relate to working life and social security (Table 2) (The Government 2003). In the section of Economy, employment and tax policy of the programme,

the government promises to create at least 100 000 new jobs until 2007 which today (2005) seems optimistic. The overall target is that by the end of the next government period (2011), the employment rate should reach 75 per cent, so five per cent higher than the target of the EU Lisbon strategy, which aim at 70 per cent employment rate by the year 2010. This high level target assumes that people enter the working life earlier than today, and leave it later. Another challenging promise is that regional differences will be cut, an item extremely necessary, but at the same time very difficult to reach politically and also in practice. In addition, the government promises to reorganise public employment services, to eliminate the structural unemployment. A considerable effort has been put forward to this effect (see below). The government also promises to lend support to full participation in working life of the working age people, and good coordination of family and working life. These items have been the targets of so-called Veto programme (see below). Finally it also promises to lend support to the national project for health, aiming at management of future manpower and quality of health services and the national project for the development of the social welfare which aims at both revising and revitalising the municipal social services, their manpower, their management of various service tasks and their quality.

The government programme also contains four inter-sectoral policy programmes. The employment policy programme (Table 2) is under the coordination of the Ministry of Labour. It has three goals: it is 1. To reduce structural unemployment and prevent social exclusion, 2. To ensure supply of skilled labour and manage the problems the demographic changes may induce, and 3. To lengthen the active time working age people spend in the labour market and also to improve the productivity, work organisation and job satisfaction. These are many-sided and complex issues. The programme is to operate through 4 projects: 1. Revision of the public employment services, which is currently already strongly on its way, 2. activating labour market support, which similarly is already well

advanced, 3. Activating employment policies and enhancing competence, and 4. lengthening working careers. Of course projects 3 and 4 will take longer to accomplish, however, the Noste programme of the Ministry of Education (see below) is one way trying to enhance the basic education level of Finns aged 30-59 years.

## 2 Publicly led programmes concerning working life

The approach of the Finnish Government has been to set up development programme of relatively short period (typically the duration has maximally been that of the government programme). The National Programme on Ageing Workers and the Well-being at Work Programme, which both have already been finalised and evaluated, have been of this sort (Table 3). The First title in the list, maintenance of work ability (MWA) is rather than a programme, a strategy. It originally based on the ideas of the 1980's suggesting that labour force deficits will become true in the early third millennium. Due to that it was deemed necessary to establish early interventions so that people can easily re-establish their working careers after rehabilitation or related interventions. The current MWA definition is: "Workplace activities aiming at maintenance of work ability include all measures that the employer and the employees as well as the co-operative organisations at the workplace take in a united effort to promote and support the work ability and functional capacity of all persons active in working life throughout their working careers". At the workplace level, the actions should be directed to the improvement of the work environment and work organisation and of the professional skills and competence as well as personal health resources and health. MWA arose from a need to change practices in working life so as to avert labour shortages and prevent premature retirement among ageing workers. MWA was introduced to the occupational health service legislation in 1992 and a new act, in force since 2002 (see below), defines the promotion of work ability as a major task of the services. The new occupational health and safety act, in force since 2003, also places an emphasis on the promotion of work ability and makes explicit and equal reference to the physical and mental and social health and safety of employees.

The National VETO Programme 2003–2007, led by the Ministry of Social Affairs and Health, is aimed at promoting the attractiveness of working life (The Ministry of Social Affairs and Health 2003). It is based on four cornerstones: improving safety and health at work, improving the effectiveness of occupational health services and rehabilitation, improving equity at work, and making work more financially attractive than the passive social security structures. Under its effectiveness of occupational health and rehabilitation objects, various projects have been operated to make the links between the two types of services well integrated.

The governmental programmes of the type nowadays include several ministries in their leadership, typically the Ministries of Social Affairs and Health, Labour, Education and Commerce and Industries are involved. Also the major other stakeholders are involved in the programme establishment. The Ministries also have their own development programmes. The Ministry of Labour has been running various programmes. In 1993 the National Productivity Programme was started, to be followed by the National Workplace Development Programme in 1996. In 2003 the various approaches were bundled to an umbrella programme called the Development Programme for the Improvement of Work Productivity and the Quality of Working Life 2004-2009 (TYKES). The project supports research-assisted work organisation development based on cooperation between management and staff, which promotes qualitatively sustainable productivity growth in Finnish workplaces. It is assumed to fund 1000 development projects with some half a million employees being covered during the programme period.

As already mentioned before, the Ministry of Education, similarly, has run various own development programme that concern the basic and professional education of the work force. Also the State Treasury runs a working life development programme for the state employees, and another one is jointly run by the Association of Finnish Local and Regional Authorities, Local Authority Employers in Finland and the Local Government Pension Institute.

Based on a considerable expert analysis, a National Health Project was established in 2002. Special funding has been made available for securing viable primary health care and preventive work, ensuring access to treatment, ensuring availability and expertise of personnel and reforming functions and structures. The set project will run from 2003 to 2007. In parallel to this, a National Development Project for Social Services is being run in 2003-2007. Its goals are securing access to social services, reforming service structures and operations, securing staff skill and availability, ensuring social service funding and securing long-term development of the sector. It is operated through 20 projects that include e.g. developing services for people with disabilities.

## 3. Some legislative revisions

It is very evident that both the recessions of the 1990's and the other challenges the country faces have together caused a major pressure to develop the system of social security in a way that is can be both cost-containing, create the necessary incentive systems and provide seamless services systems for the service clients to receive their services in time and with good quality. In addition, the manpower management of the future works, including also of the future public services. Consequently the legislation of social security and their services have been a target of

major revisions. Without going into details, some general aspects of the revisions deserve mentioning (Table 4).

The employers have to organise occupational health services for their employees. The Act on Occupational Health Care was revised 2002, especially to give promotion of serviced employees' work ability a major emphasis. In addition, the manpower development of occupational health services has been defined in detail. The revision of the Act on Health and Safety at Work 2003 in a way finally introducing the content of the European Framework directive in the Finnish health and safety at work legislation. The Act defines very clearly the employer and employee responsibilities, and expands the safety and health components to cover equally physical, mental and social issues at work.

The changes in health service legislation are mainly based on the National Health Project, in 2005 the clients' access to services were given clear time limits for the service organisers. The public health act is also under revision in 2005.

The changes in social service legislation in 2002, and setting a new Act on Rehabilitative Work Experience 2001 were both done, in order to establish people with disability or decreased functional capacity to find through municipal social services a type of work activities that should ease the way towards finding paid employment later. In parallel to these actions both the employment services and income security during unemployment have been revised in various ways. The basic direction has been that seeking job would become incentivized, the needed way on entering working life would have various mechanisms through which the person be guided to learn new job content, or in more general way can be guided through various types of practising, training, coaching or tutoring activities how to manage in the working life. The pension laws have been revised many times since the mid-1990s (e.g. changes in temporary/part-time/ early retirement pensions). The most recent ones concern introduction of a flexible pensionable age of 63-68 years. The earnings will be taken into account since 18 years of age, and gradually the early disability pensions and unemployment pensions will also be abolished.

Various changes in rehabilitation legislation have aimed at the promotion of the employment or re-employment of various people at working age. The incentives for rehabilitation instead of passive alternatives have been strengthened, targeted at young people, ageing workers and the disabled. The most recent changes in rehabilitation legislation have introduced a subjective right for vocational rehabilitation of people at threat of work disability; also an amended Act on cooperation in rehabilitation-related client service at state came into force in 2004. It defines the role of the client and cooperation at regional and local levels.

The sickness insurance act will also be revised: the insurance coverage will be divided in two: labour income insurance (daily sickness and parent allowances, rehabilitation allowances, occupational health service costs) and medical insurance (the actual medical diagnosis and treatment costs, and the rehabilitation services funded by the Social Insurance Institution).

### III. Trends in vocational rehabilitation and other related interventions in Finland

#### 1. The system of vocational rehabilitation

The Finnish rehabilitation system is complex, and it is actually formed of some not very well coordinated subsystems which may allow cost shifts, sub-optimising and even development of moral hazards due to allowing the "optimal" functioning of a subsystem without considering the overall benefits or cost containment. The reason behind this complex system is that after decades of development trials to establish a one-single-system, a compromise was reached that all the involved systems be given a subsystem to operate with in a rehabilitation reform set in 1991. A special Act was given on collaboration in rehabilitation at the local, regional and central levels. As mentioned above, a revised Act came into force in 2004. The reform also included a revision of the occupational health care Act, stipulating on participation of occupational health services in maintenance of work ability of their employee clients.

The responsibilities to organise the employment vocational rehabilitation are mainly with the **accident insurance companies** which have a primary responsibility for rehabilitative measures concerning insured person with injuries, **pension insurance companies** which are especially responsible for rehabilitative measures of persons who are assumed recipients of earnings related pensions, and the **Social Insurance Institution** and the state **employment offices** which are responsible for vocational rehabilitation of unemployed persons whose working capacity and opportunities to earn an income are significantly impaired due to an illness or injury.

#### 3. Estimates on people in vocational rehabilitation

In table 5 we aim at giving some figures on the order of magnitude of customers annually in vocational rehabilitation. The table does not include the figures of the accident insurance rehabilitation customers whose number may be some 1000 persons a year. The figures given warrant several explanations. The age groups chosen tend to reflect that the approaches needed when entering the working life, when working more on a regular basis and when ageing. The upper limit of the oldest age group has been set to 68 years because of the recent pension legislation change, making pensionable age flexible between 63 and 68 years. It is quite obvious that so far we

have no experience of vocational rehabilitation of people over 65 years. However, that challenge has now been created.

The first figure in the age group <25 years is the number of persons below 20 years of age who evidently have disability, but are no more able to go directly to a basic disability pension, but are allowed to a rehabilitation subsidy, provided that a medical statement on the disability has been put forward and a rehabilitation plan has been produced. The figure may serve as an estimate for youngsters with disability that had been in vocational training. All the employment office figures refer to the numbers of jobseekers in 2004, having disability. There were 89 900 such jobseekers with decreased work ability, of whom 67 500 were unemployed. Of the unemployed, 42 900 found a job in the open labour market. Of the rest 24 600 persons, 13 200 took part in work placement support measures, 5 700 took part in vocational and career guidance services, 7 075 started labour market training, 1 163 started other training, 17 700 took subsidised work, and 3 was placed in sheltered work (a person may subject to several activation measures). So, there were almost 45 000 actions concerning these 24 600 persons (Lehmijoki P, personal communication).

#### 4. Trends in vocational rehabilitation: are we facing a paradigm shift?

The changes of rehabilitation legislation mentioned already above (table 4) have aimed at making rehabilitation starting earlier, and making rehabilitation approach more attractive to the person in concern. Järvikoski and Paatero (2001) wrote a short overview on development trends of vocational rehabilitation in Finland in 2001. They indicated various trends in the vocational rehabilitation over the 1990's: The number of disabled persons in ordinary or specialised trade schools has been declining due to 1. The decreasing number of persons in that age and 2. A higher selection by young persons of the upper secondary school instead of the trade school. A second trend is the increased emphasis given to vocational rehabilitation in the pension legislation. A third is that the emphasis on vocational rehabilitations organised by the Social Insurance Institution has been moved to middle-age persons instead of the young ones. At the same time that vocationally oriented medical rehabilitation has been becoming more common. The vocational rehabilitation organised by employment offices has also been concerned with more frequently used activating actions. Especially work testing, supported employment, and educations measures have been on rise. Also the role of occupational health services in various rehabilitation measures has been increasing, not only as one set of activities of the maintenance of work ability which the workplaces undertake, but also because of that that the services are to give advice on and refer persons to rehabilitation as necessary.

Evidently the same trends have been continuing since 2001. In addition, the role on municipalities has increased in organising activating services to persons who are dependent on social assistance or labour market subsidy and cannot be assumed to be job applicants in the open labour market. As said above, the special Act on rehabilitative work experiences (2001) started the municipal involvement, and the revision of the act on municipal social services expanded the involvement further. The municipalities are together with the employment offices and the Social Insurance established local labour force service centres for the assessment of the client needs and for providing the necessary activating measures. There are currently some 30 such centres. The services are based on the idea that they link with all necessary public and private services to really achieve the set activating measures which can include educational, rehabilitative, or work trials, on-the-job training and preparatory training for working life, use of work coaches, and coaches are to direct clients to working life.

The political targets are clear: activity will be preferred over passivity for everyone, so the (re)employment efforts need both services and incentives. Two recent working groups have lined the system further. One concerned development of social employment (Sosiaali- ja terveystieteiden ministeriö 2004). The group gave several recommendations:

- The legislation on social employment should be concentrate in one act.
- The support structure of social enterprises should be developed further.
- Work coaching approach should be expanded to various support systems.
- Local work centre system should be expanded to the national level.
- Work (activating persons for reemployment) and daily activities (for persons with permanent disability) should be separated.
- It should be advocated that working conditions adjustment includes support given by a fellow worker.
- The role of social service in labour employment centres should be increased
- Employment support periods should be extended to 3 years.
- The employment support for the disabled who work should be revised.
- The suspended pension option should be extended to cover earnings related pensions.

The other working group concerned the activation of labour market subsidy (Työministeriö 2005). It, too, proposed several changes in the system:

- Enhancement of activation of labour market subsidy recipients

- Making the subsidy remunerative after some unemployment period
- Cutting lengthened unemployment based on labour market subsidy
- Revision and clarification of the benefit system to remove any part that might lend support to passivity

Further legislative changes are to be assumed to put in practice the recommendations.

The ILO Code of Practice (ILO 2002) on Managing disability in the workplace defines vocational rehabilitation as a process which enables disabled persons to secure, retain and advance in suitable employment and thereby furthers their integration or reintegration into society. The earlier ILO publication have defined the action within vocational rehabilitation: vocational guidance of the disabled, vocational training or education, work testing, work trials, coaching to work or other employability or reintegration supportive action (e.g. ILO 1955, 1981, 1983). These definitions fit well with the Finnish legislation defining vocational rehabilitation. Mostly, the need for vocational rehabilitation must base on proved work disability. That means in practical terms assessment of the functional capacity of the person and the demands set by the work by medical services. Concerning the Act on public employment services, which forms the basis for organising vocational rehabilitation for the unemployed by the public employment offices, the original assessment of disability is done by the office service personnel nominated to this task. The client has to provide the office with information of his or her medical or psychological conditions (statement prepared by the service), or the office may refer the client to an expert advice for the process of drafting an employment, activation or rehabilitation plan. In the case of clients who have been referred to the workforce service centres by the social services, it is the task of service personnel to draft the plan of re-integration, together with the client.

The basic will in Finland has been to use the mainstreaming approach in re-integration processes. There are no quotas to force the employers to employ persons with disability. Concerning the availability of manpower for recruitment, in certain special branches there may be a relative manpower deficit. But in quantitative terms the unemployment figures indicate that there is a considerable surplus of workforce amongst the unemployed that does not raise the interest of the labour market, or putting it more clearly the employers. Evidently, the country must face a major re-employment in the span of the current decade, to get all possible persons of working age activated and staying active instead of passivity. The difficulty of this task must also take into account the different situations of the various populations groups and country regions.

We have employers of many types: the public, private and third sectors, we have micro-enterprises, small, medium

and large enterprises, we have manufacturing, service work, specialist, and office work, we have high skill and low skill demands, and we have international firms relying on quartal economy, we have export firms and we have national firms solely based on national markets. It is easy to understand that all types of employers do not have similar interest in participation in these reactivation and re-integration markets that clearly are necessary. It is evident that the profits of such activation and integration lead to gains to the public authorities. Consequently, it feels fair to propose that the public sector also should take a major responsibility for creating the needed services and employment.

The Finnish Constitution of 2000, although not actually much tested in practice so far, is also lending strong support to improving activation and integration of citizens. The Section 18 - *The right to work and the freedom to engage in commercial activity* states that:

‘Everyone has the right, as provided by an Act, to earn his or her livelihood by the employment, occupation or commercial activity of his or her choice. The public authorities shall take responsibility for the protection of the labour force. The public authorities shall promote employment and work towards guaranteeing for everyone the right to work. Provisions on the right to receive training that promotes employability are laid down by an Act. No one shall be dismissed from employment without a lawful reason’. The Section 19 - *The right to social security* states that:

‘Those who cannot obtain the means necessary for a life of dignity have the right to receive indispensable subsistence and care. Everyone shall be guaranteed by an Act the right to basic subsistence in the event of unemployment, illness, and disability and during old age as well as at the birth of a child or the loss of a provider. The public authorities shall guarantee for everyone, as provided in more detail by an Act, adequate social, health and medical services and promote the health of the population. Moreover, the public authorities shall support families and others responsible for providing for children so that they have the ability to ensure the wellbeing and personal development of the children. The public authorities shall promote the right of everyone to housing and the opportunity to arrange their own housing.’

Naturally the specific legislation, however, defines in practice how the services are provided and how the public authority responsibilities of the Constitution are laid down.

## 5. Local services and actors for employability

The basic main local actor in service provision is the municipality which organises the primary health care and social services and jointly with other municipalities hospital based specialised medical services. But there are several other public and private organisations involved with

employability issues: The state regional and local employment service administration in Finland consist of fifteen labour market departments at the employment and Economic Development Centres and of 176 employment offices. Of the various social insurance organisations, Kela is the only one having local service offices, which it has almost in every municipality. It has a total of 260 full-service offices and about 70 secondary offices, and additionally participates in approximately 100 shared-service projects. The rehabilitation services that the employment offices, Kela and other social insurance organisations use are mainly private or third sector service providers, and education and training facilities may private, public or the third sector organisations. The occupational health services are organised by the employers, but the services may within the company premises, they may co-operative organisations between various companies, or the municipalities or the private medical centres provide the services. Evidently, Finland tends to have a major difficulty in developing a single stop desk – single case manager approach which is the obvious ideal. One has to note that it is not only a question of separate and poorly coordinated services, but also of different fund sources, rules and cultures.

As mentioned above, there are some regulation and service attempts which tend to pass borderlines between various organisations, e.g. the collaboration at the local level concerning rehabilitation clients, or joint services of the service centres of labour force that the municipalities are to organise together with the employment office and Kela. But a lot remains to be done, to provide the clients client-friendly seamless and cost-effective services well timed in various part of the country.

#### IV. Some concluding remarks

What described above can certainly be interpreted in a way that Finland and its political decision makers have taken the foreseeable population, unemployment and economic challenges seriously. However, the Governmental development programmes are rather many and of small size. Finland has operated long in a way that political decision-makers and social partners share the responsibilities in revising social policy. That naturally has advantages and certain side effects. A part of the latter is that big issues like the basic local government structures and responsibilities are not very much in the focus, in spite of obvious need to restructure the local administration, local unit sizes, local services and the mechanisms of public funding. There would be at the same time a need to develop the collaboration or even structuring of the major central bodies in the field of social policy and social security. Evidently the responsible politicians should take stronger responsibility in these matters.

There is a general consensus that public policy development must base on research evidence. However, it is rather obscure how that can really be achieved. Another intermingled set of issues concerns morals of active employment policy and consequent revision of supportive cash and service benefits.

Finally, a couple comments: when planning for the future working life with high participation rate, one has to note that at the same time flexibility of working life should be considerably increased. Such flexibility is needed in order to get young people early and smoothly entering the working life. Having and raising children assumes another type of flexibility from employers. At the middle age working people often have needs to assist their elderly parents in household and life issues and home care. Finally age brings about decreased functional capacity and chronic illnesses that must receive prudent care. Naturally all these phases assuming use of time will reduce the overall time used at work and in productivity. This necessity must be weighed against the Lisbon Strategy of the European Council which even in its revised version will still put emphasis on employment rates. A more natural indicator for continuous improvement would probably be the over-life-time active working rather than any average employment rate (Hytti and Nio 2004).

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**Table 1. Major social challenges**

1. Retirement of large post-war age cohorts, population aging, decrease in supply of labour
2. Globalisation, "Europeanisation"
3. Rising cost of health care and medical technologies
4. Changes in economic and occupational structures and in working life
5. Demands for full employment and job creation –and needs to manage risks of marginalisation (individuals, groups, regions); threat of increasing inequity
5. Cultural diversity; growing individualism
6. Changing health profiles
6. Need for continued development of public services (costs, seamless care, effectiveness, customer-friendliness)
7. Ongoing need for adjustments in welfare state and welfare society

**Table 2. Programme of Prime Minister Vanhanen's Government**

**Work and education**

- Full participation in working life, coordination of family life and work, making work more attractive
- Develop immigration policy
- Develop continuing education

**Social and health policy**

- Focus on the promotion of health and prevention of disease among the population; provide support for life-management skills, working and functional capacity and the ability to cope independently
- Support the National Health Project and the National Project for the Development of the Social Welfare Field
- The funding of National Health Insurance will be reformed; employment pensions reform will be continued; elderly care and services for the disabled are developed; poverty and exclusion are combated; and child and family policy are developed

**Economy, employment and taxes**

- Restructure public employment services in order to eliminate structural unemployment
- Promote gender equality
- Create at least 100,000 new jobs by the end of the electoral period, so that employment rate will reach 75 % in the end of next government period.
- Narrow regional differences, make training more effective, encourage people to enter the labour market earlier and to leave it later.
- Keep central government finances strong and cut taxes.

**Employment Policy Programme 2003-2007**

- Inter-sectoral programme under coordination of the Ministry of Labour
- to reduce structural unemployment and prevent social exclusion
- to ensure the supply of skilled labour and provide for scarcity of labour due to demographic changes
- to lengthen the time spent by individuals in the labour market, increase the productivity of labour and improve the organisation of work and job satisfaction.
- 4 projects: revision of public employment services, activating labour market support, active employment policies and enhancing competence, lengthening working careers

**Table 3. Governmental Development Programmes**

- Maintenance of work ability at the workplace strategy
- National Programme on Ageing Workers 1998-2002
- Well-Being at Work Programme 2000-2003
- Other Ministry of Labour programmes (Research, National Workplace Development Programme (TYKES), Productivity programme)
- The VETO (“work attraction”) programme 2003- 2007 of the Ministry of Social Affairs and Health
- In connection with VETO, the Ministry of Education is recalibrating its own skills enhancement efforts in line with VETO objectives. The NOSTE programme is to advance the basic education of people at 30-59 years.
- National Health Project 2002-07; National Development Project for the Social Welfare Field 2003.-07.

**Table 4. Legislative changes aimed at enhancing well-being at work**

- Revised Act on Occupational Health Care 2002
- Revised Act on Health and Safety at Work 2003
- Changes in health service legislation 2005
- Changes in social service legislation 2002, Act on Rehabilitative Work Experience 2001
- Many changes in employment services and income security during unemployment, and more to be foreseen
- Various changes in the pension laws since the mid-1990s (changes in temporary/part-time/ early retirement pensions). The most recent ones: Flexible pensionable age of 63-68 years, earnings taken into account since 18 years, early disability pensions and unemployment pensions will gradually be abolished.
- Various changes in rehabilitation to promote employment/re-employment (incentives targeted at young people, ageing workers and the disabled). The most recent ones: introduction of a subjective right for vocational rehabilitation for people at threat of work disability; revision of the act on collaboration in rehabilitation at state, regional and local levels.
- Sickness insurance: the insurance coverage will be divided in two: labour income insurance (daily sickness and parent allowances, rehabilitation allowances, occupational health service costs) and medical insurance (actual medical diagnosis and treatment costs, rehabilitation services).

**Table 5. Order of magnitude of potential or real clients of vocational rehabilitation for various age groups (Employment pension statistics of 2003, SII statistics of 2004, Employment Office statistics of 2004)**

**Persons < 25 years of age**

- SII: 6 298 (1)
- SII: 3 848 (2)
- Employment service ca. 3200 job seekers with disability (3)

**Persons at 25-54 years**

- SII: 9 561 persons (2)
- Employment pension rehab. 5 215 persons
- Employment service ca. 59 000 job seekers with disability (3)

**Persons at 55-68 years**

- SII: 4 053 persons (2)
- Employment pension rehab. 333 persons
- Employment service ca. 27 600 job seekers with disability (3)

(1) Receiving SII rehabilitation allowance in 2004  
(2) Persons in SII rehabilitation in 2004  
(3) Jobseekers who had disability in 2004



## Address by Þór Þórarinnsson

Director, Ministry of Social Affairs

at the opening of the Nordic Workshop  
on Vocational Rehabilitation  
at Hotel Loftleiðir, Thursday 14 April.

Dear Ladies and gentlemen, friends and colleagues.

It gives me a great pleasure to welcome you all here today at this Nordic collaboration project focusing on the important issue of vocational rehabilitation.

I want to start by telling you, in brief the history of the project;

It was early last year that we in the department of family affairs got this very strong feeling to gather good people from our dear neighbors in Scandinavia to organize a seminar on vocational rehabilitation. At such a seminar it would be possible to listen and learn from each other, as well as exchange new ideas and visions on the subject, to help us to develop towards more viable systems in our societies.

The main objective of the project is to search for new means to increase the opportunities for people with disabilities, to be able to enjoy their experiences and knowledge, and benefit the society. To focus on the ability of people and not their disabilities is a concept that embraces a new vision for people with disabilities, and is a guiding light in policy making.

The emphasis of the project is to value the ways in which it is possible to integrate strength, financial resources and different scenarios to people with low functioning and participation level.

Our focus is on ways to help and influence positive attitudes towards people with disabilities who work despite their disabilities. We will examine some ways to prevent that premature invalidism by offering new behavior in vocational rehabilitation. We will also view how people with disabilities in the labor market can get systematic assistance that is formatted by their individual needs. In this regard we will note how functionality and responsibility

of people with disabilities and the service-systems may be increased.

The project focuses on the importance of employers participating to get people with disabilities back to work, or assisting them when they take their first steps in the labor market. We will study the possibilities of moral support, motivation and prohibition to discrimination for this group along with viewing ideas of increased conformation and integration of service-systems The participation of employees is also very important and how labor unions can support their members in rehabilitation, to be able to stay at the labor market.

The rest of the story most of you know: the project received a grant from the Nordic Council of Ministers in 2004, and here we are today. The end of the story is up to us and our teamwork today and tomorrow.

It is my wish that we will have a fruitful and successful seminar over these two days with honest debates and conversation on important matters that stand close to our hearts.

Ladies and gentleman, I want to welcome my Minister, Mr. Árni Magnússon, the floor is yours.

# Address by Árni Magnússon

## the Minister of Social Affairs

at the opening of the Nordic Workshop  
on Vocational Rehabilitation  
at Hotel Loftleiðir on Thursday 14 April



Ladies and Gentlemen,

It is a pleasure for me to have the opportunity to address the workshop on this very important issue.

Nordic collaboration in the field of disabled people's affairs goes back a long way. Following a decision by the Nordic Council in 1973, a committee consisting of representatives of five of the Nordic countries was appointed with the specific task of examining disabled people's affairs. Shortly afterwards, a special office was set up in Stockholm under the management of the committee, which became an established institution with an important role.

The purpose of the committee was originally to co-ordinate and improve the Nordic co-operative mechanism in this field. This included, for example, standardising the registration of technical aids for the disabled, pressing for improved access for disabled people, pooling skills and data concerning the social position of the people with disability in the various countries and encouraging research and survey work.

In 1997 this arrangement was replaced by a new one, in which collaboration is based on two main institutions: the Nordic Collaborative Forum on Disabled People's Affairs and the Nordic Council on Disabled People's Affairs. The Council works on the principle that in all decision-making throughout society, people with disability are to be taken into account in a way that makes it possible for them to play an active role in society. This includes issues such as employment, vocational rehabilitation, education, housing, access and mobility. The council has been involved in many cases with good results, for example regarding access, employment and education. It has also given attention to the possibilities that the information society is opening up for people with disability.

Thus, collaboration between the Nordic countries on disabled people's affairs has a fairly long history. Representatives of the Nordic countries have also been prominent in the international arena, playing an active role in compiling declarations and preparing some of the international conventions that have been of great importance in the campaign for rights for the disabled.

In Iceland we have long been proud of a high level of participation in the labour market by both men and women. In the last year or two, we have seen a development that has also taken place in our neighbouring countries, with more and more people apparently seeking to be assessed with disability ratings. Another trend we have seen is towards rising long-term unemployment rates, even among young people.

These developments have given us cause for concern, and initiatives of various types have been launched by the government to try to see what can be done to combat these trends. As usual we have asked for the co-operation with the social partners and other interest groups that have a vital role to play in this context.

Obviously we must find ways to encourage everyone to participate in the labour market. Human resources are the most precious thing we possess. Activating the individual means not only savings for society in the long term but also, and perhaps most important, an improvement in the quality of life for individuals themselves.

Vocational rehabilitation plays one of the key roles in encouraging people to play an active part in society. At the same time, it is an excellent means of ereducing poverty and social exclusion.

Of course, in saying this I am not turning a blind eye to the fact that not everyone is able to play an active role in the labour market, whether this is due to disability or other reasons. It is no less important to provide people in such a position with the care they need to live comfortable and meaningful lives. What I mean here is, that we must find approaches that are likely to be successful in enabling as many people as possible to work, even though they may need assistance of some type to enter the labour market once they have dropped out of it for some reason.

Over the past few years in Iceland we have been trying to find a means of involving in society as many as possible of those who are unfit for work. A committee was appointed in 2002 to submit proposals on how all those involved, directly or indirectly, in vocational rehabilitation in Iceland could channel their energies, resources and future vision towards the same goals.

This committee recently submitted its proposals. One of the points it makes is that when an individual first becomes unfit for work, it is important to intervene promptly so as to try to avoid permanent incapacity. It also points out that vocational rehabilitation needs to be restructured, with more, and more flexible, solutions available to meet the changing needs of the employment market. The committee also proposes establishing a rehabilitation centre to cut through the complexity of the present structure, institutions and interest groups and develop better

solutions and a central source of information and services. I believe that if we follow this basic principle, we will find ourselves in a completely different position, with enhanced efficiency, more focussed working methods and a better overall vision in the years ahead.

There are many very interesting papers on the agenda of this workshop on vocational rehabilitation. I have had the chance to see abstracts of some of them. The papers that I have seen have convinced me that you will have a chance to hear some extremely interesting and informative lectures that will provide material for interesting and productive discussions. I should like to declare my hope that this workshop will provide guidance for us politicians, not only in Iceland but also elsewhere in the Nordic countries, in formulating policy in an area that is constantly growing in dimension and demanding new responses and solutions.

I should like to welcome you all to this workshop, not least those of you who have come long distances to be here. I hope you will find the proceedings both successful and enjoyable.

I hereby declare the Nordic Workshop on Vocational Rehabilitation formally open.

Thank you.

# Address by Emil Thoroddsen

## Chairman, Organization of Disabled in Iceland

at the Nordic Workshop on Vocational Rehabilitation  
at Hotel Loftleiðir, Thursday 14 April.



Ministers, guests and participants at this conference

On behalf of the Organisation of Disabled People in Iceland it is a great pleasure for me to say a few words here today. Our organisation is an umbrella for people with all kind of disabilities, and consists of 30 different organisations. Members are just about 8 % of the population.

When we think about vocational training or vocational rehabilitation is important to have in mind that people with disabilities are not a homogeneous group. They may have a physical disability, sensory, intellectual or mental disability. Some have had disability from birth, some from childhood while others have had a disability from their teenage years or later in life. For some their disability may have little impact on their ability to work and participate in society. For others it may have a major impact, with a need for considerable support and assistance and with a great deal of hurdles to be overcome.

This means that users of rehabilitation services and vocational training, have two things in common: They have impairments in one form or another and they are dependent upon planned and coordinated assistance, a service that is directed toward everyone who has any type of impairment.

Perhaps am I simplifying\_ But do we use the concepts of "user" and "service" when we approach this subject? Does it matter whether we do, or not? What kind of barriers am I talking about?

The social model of disability has been accepted by the European Disability Forum (EDF), as by many others, as a useful way of understanding the isolation and discrimination of disabled people in our society. I am sure that the social model of disability means different things to you all. But how is the model then useful?

If we have in mind that a model is what social scientists call a "heuristic devise", or shall I say, an aid to understand, then it is useful. As one of them wrote: "A good model can enable us to see something which we do not understand, because in the model, it can be seen from many different viewpoints\_ it is this dimensional replica of reality that can trigger insight that we might not otherwise develop."

I want you to use the social model of disability in our approach to the subject of this conference. And use the words associated with it such as diversity, removal of barriers, choices, empowerment, equality and rights and control.

Even though the model cannot answer all our questions, it will increase our sense of understanding our predicament. It can enable us to understand the need for more efficient legal based approach, when we talk about delivery of vocational rehabilitation services. We can use the lens of the social model if we want vocational rehabilitation to work.

When we look at equal labour opportunities for disabled people\_ we must have diversity in mind to ensure suitable policies for the needs of each individual, or the user of the vocational rehabilitation services. This means also that we have to account for the diverse assistance and support for our people who need vocational training. This also means that we have to mobilise the various stakeholders or actors in the wider community such as public authorities, organisations of employers, trade unions and other partners.

Some of you might question this picture, I have given you. We are, granted, living in a country where national income is about the highest in the western world\_ higher than in

Denmark, Sweden and Finland. I am sure that many of you believe that our welfare system is comparable to these Nordic countries.

The cold reality, which has repeatedly been confirmed in official studies and statistics, shows that Iceland is way behind them, when it comes to the living condition(s) of people with disabilities\_ especially their economical situation.

I believe in an anti-discrimination legislation to remove these barriers. But that is is not enough. If we want a significant improvement in equal labour opportunities for

disabled people, we need a coordinated strategic plan, an active forum of public authorities, organisations of employers, Trade unions, Organisations of Disabled People and other social partners.

On behalf of our organisation I wish you all a good conference with constructive and informative discourse.

Thank you all

## Work and Activation in the Icelandic Welfare State: An International Comparison



Stefán Ólafsson  
University of Iceland  
Nordic Conference on Innovation in Vocational Rehabilitation  
Nordic Council of Ministers, Reykjavik, April 2005

## Contents

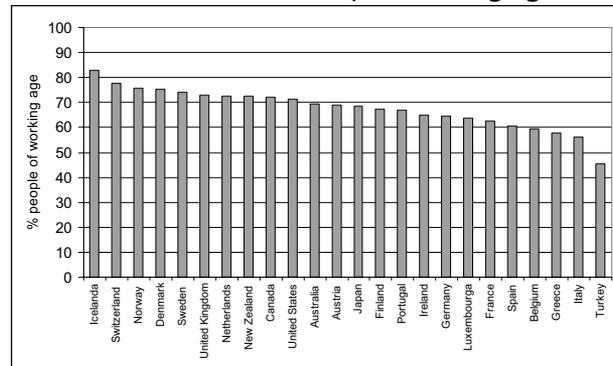
- **Work and activity in Iceland in an International Comparison**
  - Employment participation
  - Retirement
  - Disability
- **General character of the Icelandic Model**
- **Changing environment in Iceland and growth of disability pensioners**
- **Policy changes in the West**
  - From Passive to Active Policies
- **Policy Outcomes: Resisting Marginalization**



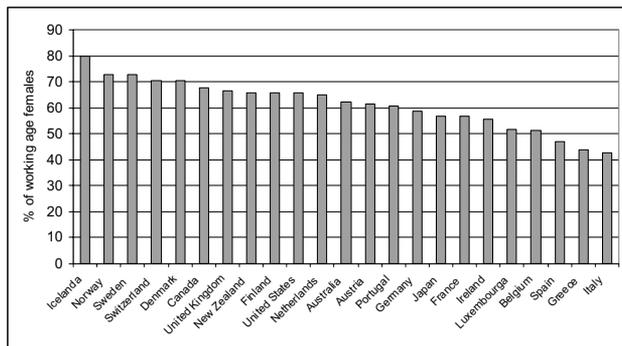
## Work and Activity: Iceland in Comparison



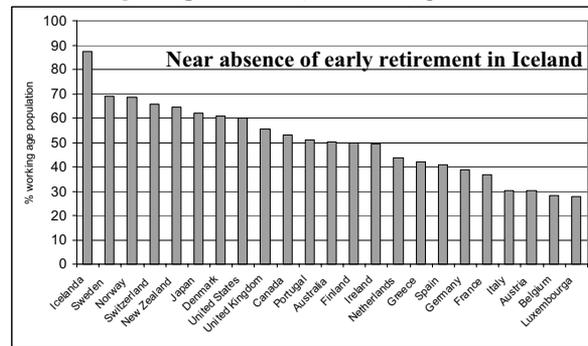
## Employment Participation % males and females, at working age

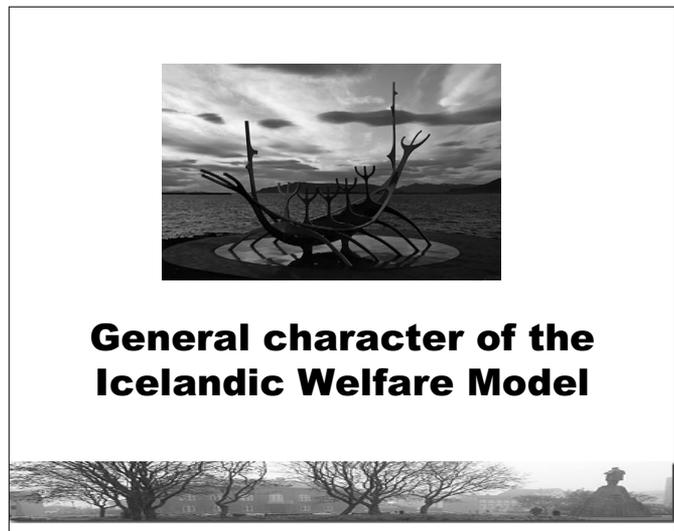
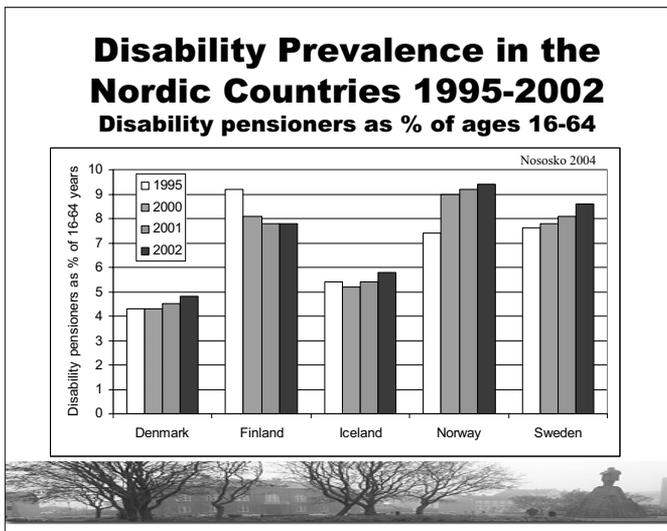
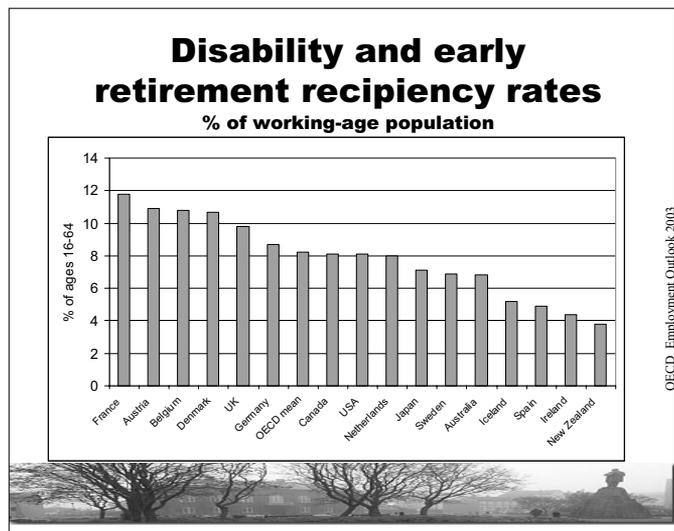
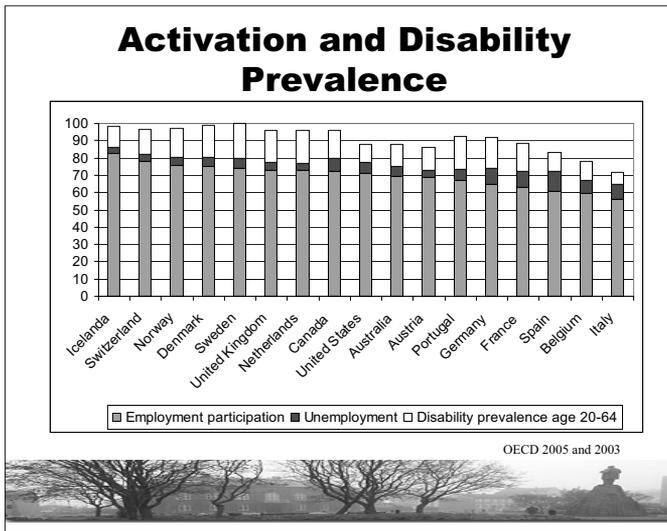
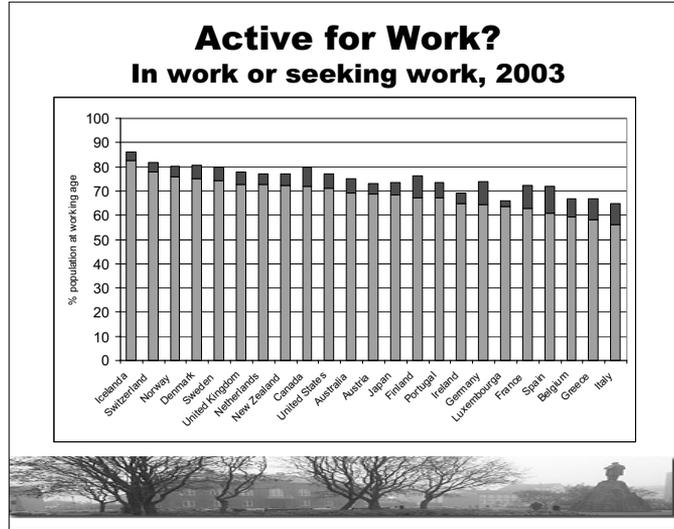
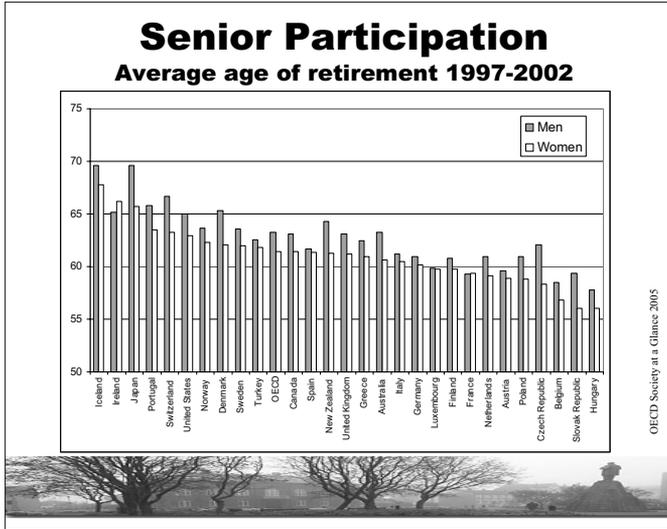


## Female Work Participation % of females, at working age



## Senior Participation People aged 55-64, at work, year 2003



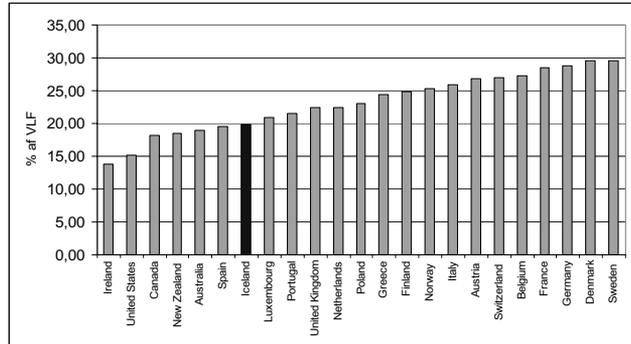


## Icelandic Welfare Model

Iceland has a mixed welfare system:

- **Welfare services – Similar as in Scandinavia**
  - State hospitals – health care
  - State schools – public housing system
  - Day care services
  - Social services other
- **Social security – Anglo-Saxon influences**
  - Rather low benefits
  - Great use of income-testing
  - Poverty alleviation aimed
  - Equalization effects not as large as in Scandinavia
  - Emphasis on self-help in the culture

## Social Expenditures as % of GDP OECD 2001



## Quality of 3 Welfare Regimes and Iceland Comparative overview

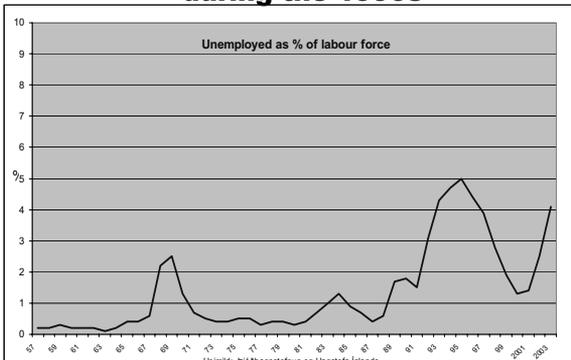
	USA	Germany	Scandinavia	Iceland
<i>Welfare goals obtained:</i>				
• Insurance coverage	Small	Considerable	Large	Large
• Quality of benefits	Low	Class-specific	Large	Low
• Use of means-testing	Large	Limited	Limited	Large
• Public welfare services (health, day care...)	Small	Small	Large	Large
• Extent of poverty in society	Large	Medium	Small	Small-med
• Equality of living conditions	Low	Medium	Large	Large
• Equality of sexes	Medium	Low	Large	Large
• Effect of class structure	Large	Large-med	Small	Small

**Scandinavia obtains welfare goals best – by far**

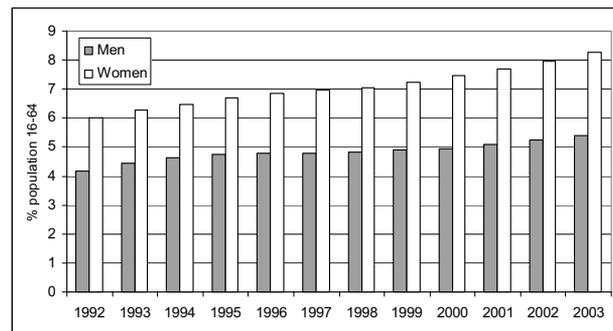


## Changing Environment in Iceland

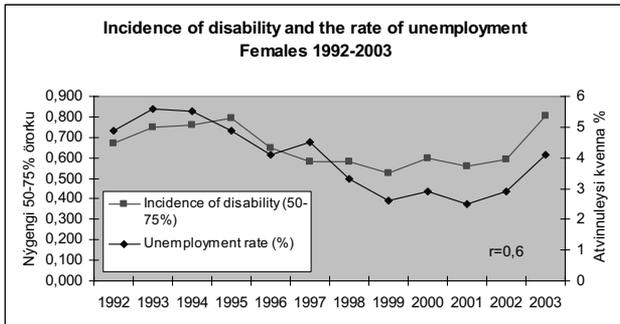
## Higher Unemployment Level during the 1990s



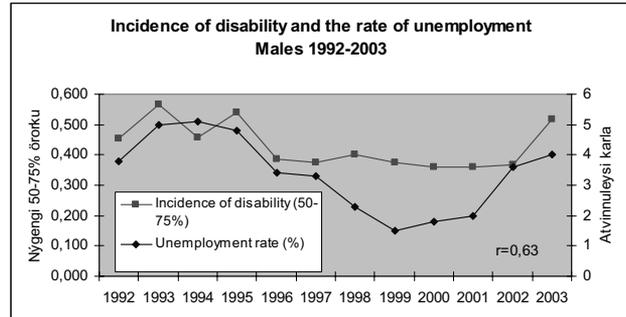
## Increasing Prevalence of Disability in Iceland



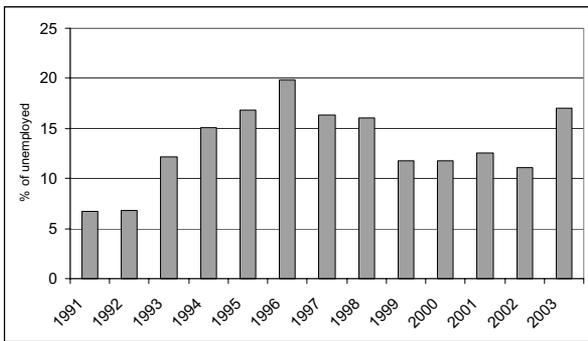
### Relationship Between Unemployment and Disability Prevalence



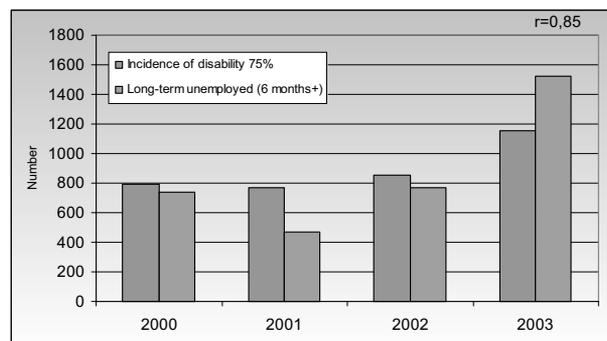
### Relationship Between Unemployment and Disability Prevalence



### Increasing Long-Term Unemployment in Iceland during the 1990s



### Relationship Between Long-Term Unemployment and Disability Incidence



### Some reasons for increasing number of disability pensioners in Iceland

- Benefits are not particularly high compared to wages in the labour market
- Disability benefits are however high compared to other benefits in the system
 

•Sickness benefit	25.000 íkr./month
•Unemployment benefit	90.000 --
•Disability benefit	120-150.000 --
- Incentives are for the long-term sick and unemployed to convert to disability pension
- Less than 1% return to labour market per year
- >>> Disability trap is a real danger!
- Also: Increasing pressure in the labour market



### Policy Change and Policy Outcomes

## From Protection to Participation

### The policy shift of the 1990s:

- **Change of thinking – change of needs:**
  - **Towards the Active Society-Third Way Pol.**
  - **From Welfare to Workfare**
  - **Clinton: End of “Welfare” as we know it**
- **Cost containment of the welfare state**
- **Great rise of early retirement + aging problem**
- **Low employment participation of the disabled**
- **Concerns with...**
  - **Unemployment**
  - **Marginalization**
  - **Social exclusion**



## Types of Welfare States

### Esping-Andersen's Three Models (1990 og 1999) + 1

- **American Model**
  - **Minimalist, little protection, small role in soc.**
  - **Big role f. private sector, firms provide benefits**
- **German Model**
  - **Employment related rights, class-based rights**
  - **Not very egalitarian; very expensive form**
- **South-European Model**
  - **Less advanced Bismarckian, class-based rights,**
  - **Family has large role, not particularly egalitarian**
- **Scandinavian Model**
  - **Rights as citizen rights, public protection, good quality of subsistence security and welfare services**

## State Spending aimed at New Risks in different Welfare Regimes

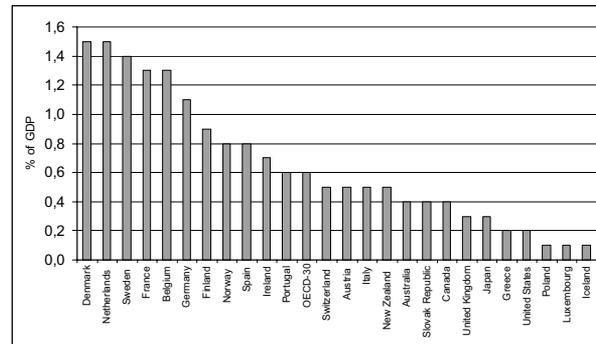
### Activation and Services, 1980-1999

	-----1980-----			-----1999-----		
	Services for elderly and disabled	Services for families	Active labour market support	Services for elderly and disabled	Services for families	Active labour market support
Scandinavian	1,77	1,60	0,88	2,73	1,78	1,67
Continental	0,46	0,38	0,13	0,75	0,74	1,14
Liberal	0,53	0,29	0,28	0,59	0,33	0,74
South European	0,08	0,04	0,02	0,25	0,37	0,47
EU 15	0,65	0,55	0,25	0,98	0,83	1,00
Iceland				2,20	1,10	0,10

Peter Taylor-Goohey 2004



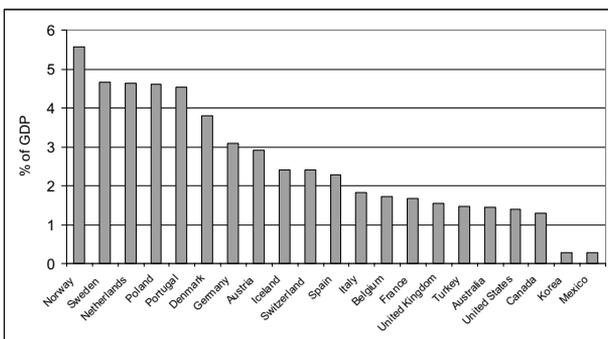
## Active Labour Market Policy Expenditures as % of GDP in 2001



OECD Society at a Glance 2005



## Expenditures on all Disability-Related Programs as % of GDP in 1999



OECD 2003



## From Protection to Participation

### Routes to Activation or Employment Retention-some options:

1. **Accommodated work (regulations, job retention)**
2. **Subsidised work (economic incentives as compensation for lower productivity)**
3. **Supported work (personal assistance, job coaching, job search...)**
4. **Sheltered work (special workshops...)**
5. **Reserved work (priority for special groups in jobs)**
6. **Vocational rehabilitation (training, rehab, education)**

Other options: Lower benefits and/or restrict eligibility



### Focus and timing of Vocational Rehabilitation and Training

		Focus on vocational rehabilitation		
		(Quasi) Compulsory	Intermediate approach	Entirely voluntary
Timing of vocational rehabilitation	Any time possible (also very early)	Austria Denmark Germany Spain Sweden	--	--
	Intervention not very early	Austria Denmark Norway Spain Switzerland	Belgium Netherlands Poland	Australia France Italy Korea UK
	Only after long-term sickness	--	Turkey	Canada Mexico Portugal USA

OECD 2003

### Activation Policies

Cf. Duncan Gallie et. al. 2004

#### Difference between USA and European policies

- **Benefits are more generous in Europe (except in South)**
- **(Activity rates are though not lower in North)**
- **Work-for-benefits was only one of options in Europe**
- **Schemes also offered employment in subsidized jobs**
  - **Temporary contracts in publicly created jobs**
  - **Training and education was offered**
  - **Non-Work activities also offered (voluntary work)**
  - **People would not lose all benefits for non-compliance**
  - **“Activityfare” rather than “Workfare” (Gallie)**
- **More concern in Europe for Integration and HRD**
- **The USA model involved greater labour market discipline>>>**
- **Benefit receivers were considerably reduced in numbers, like lone mothers (-2,4millions, thereof 1.4m went to work).**

### Activation Policies

Cf. Duncan Gallie et. al. 2004; Zeitlin et.al. 2003

#### Evaluation of successes of activation policies:

1. **In USA + many countries benefit receivers went down**
2. **Mixed effects on expenditures**
3. **Activation measures (and poverty relief) reduce social exclusion experiences significantly**
4. **The social inclusion obtained is though often restricted**
5. **Employment effects of activation were often important, but still less than hoped for (minority got sustainable jobs)**
6. **So employment effects are on the whole positive but modest**
7. **Lack of work motivation was not a significant cause of unemployment, but youths without work experience had fragile motivations**
8. **Removing disincentives of welfare benefits is not the all important factor**
9. **Crafting programs for special needs is more important**

### OECD Policies

Transforming Disabilities into Abilities

#### Evaluation of activation and social policies of member countries in 2003:

1. **No country has an outstandingly successful program**
2. **Many countries are though doing good things**
3. **High benefit levels and active labour market policies can produce win-win combinations**
4. **High benefits can increase recipients numbers**
5. **Poverty alleviation is important (poverty increases trapping of people in passivity and problems)**
6. **Character of programs is important**

### OECD Policies

Transforming Disabilities into Abilities (2003)

#### Policy recommendations for disability:

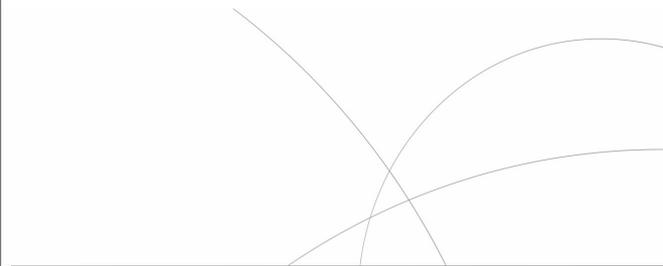
1. **Introduce culture of mutual obligations**
2. **Recognize the status of the disabled independently of work and income situation**
3. **Design individual work/benefit packages for disabled persons**
4. **Promote early intervention**
5. **Involve employers in the process**
6. **Restructure benefit systems to remove disincentives to work**
7. **Reform program administration**
8. **Improve coordination of transfer schemes**



**Thank you!**

Stefan Olafsson  
University of Iceland

## PowerPoint presentations



### Government Strategy for creating jobs for disabled people



Breaking the Barriers - 14-15 April Iceland



### Target Groups and key players

- The Policy is Focused on Disabled People
  - Inside the Labour Market
  - On the Edge of the Labour Market
  - Outside the Ordinary Labour Market
- Key players
  - Regional Employment Offices, Local Councils
  - Organisations for Disabled People
  - Unions and the Employers' Organisations
  - Companies
  - Disabled People

Breaking the Barriers - 14-15 April Iceland



### Number of Disabled People?

- How Many?
  - 690.000 persons are disabled today
  - 400.000 persons have a job
- What is the potential to empower disabled people to find work?
  - In Sweden: + 50.000 persons
  - Ready to take on a job: 23.000 persons

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### Aims of The Strategy

- The number of disabled people in work should be increased by 2.000 persons pr. year
- Increase the number of firms, who employ disabled people with 1 percentage point pr. year
- Provide better knowledge to firms and disabled people regarding work opportunities
- Follow-up in 2007

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### Working Areas

- We need to know more about disability and work
- We need to change the attitude towards disability and work
- We need to make it easier to combine disability and work

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### Reform of the Danish Local Councils – reorganising the policy for disabled people

- Disabled people are to apply at the local jobcentres. Every employee at the jobcenter should be able to help a disabled person
- There will be small units in every region which will provide services for the jobcentres
- Every region has the opportunity to establish more units if necessary
- VISO - A new center which provides special advise to jobcentres

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# Breaking the barriers- promoting employability:

*Challenges and political commitments - Finland*

Jorma Järvisalo  
Health policy and international development  
Social Insurance Institution

www.kela.fi

## Contents

1. Challenges
2. Government Programme, Development Programmes and Changed legislation
3. Vocational rehabilitation and other interventions: How to make the system work
4. Conclusions

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## Major social challenges 1

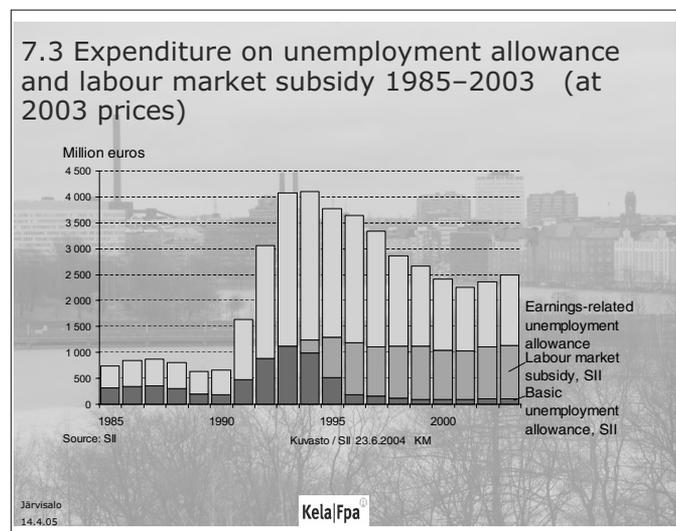
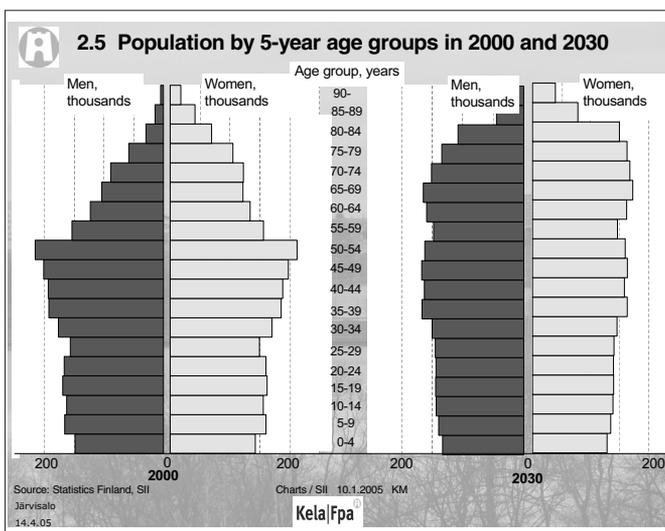
1. Retirement of large post-war age cohorts, population ageing, decrease in supply of labour
2. Globalisation, Europeanisation
3. Rising cost of health care and medical technologies
4. Changes in economic and occupational structures and in working life
5. Demands for full employment and job creation –and needs to manage risks of marginalisation (individuals, groups, regions)

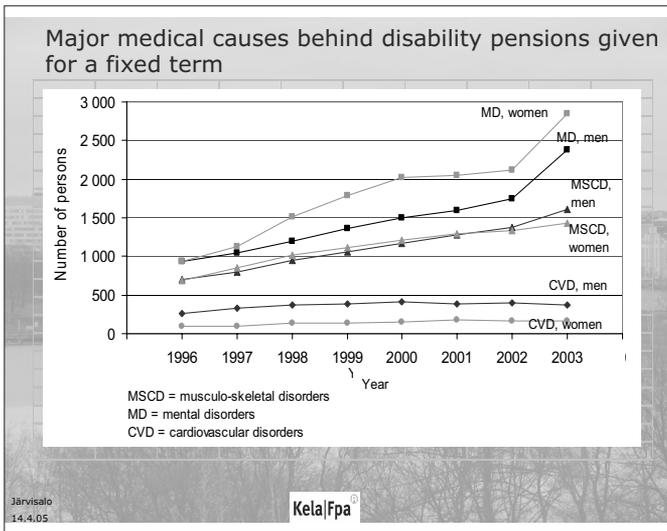
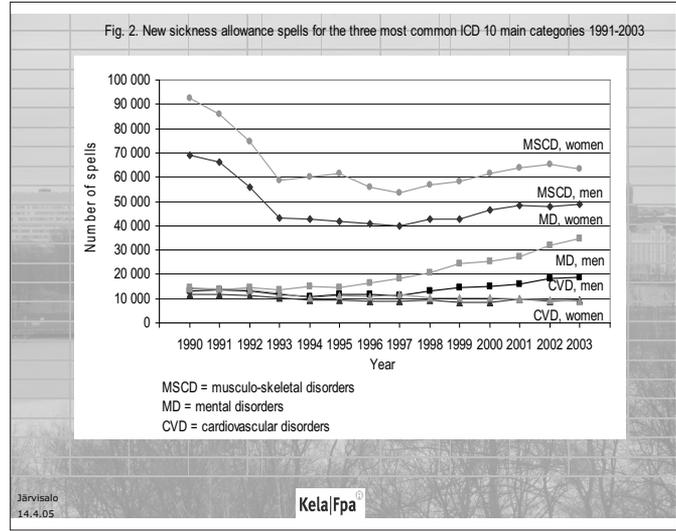
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## Major social challenges 2

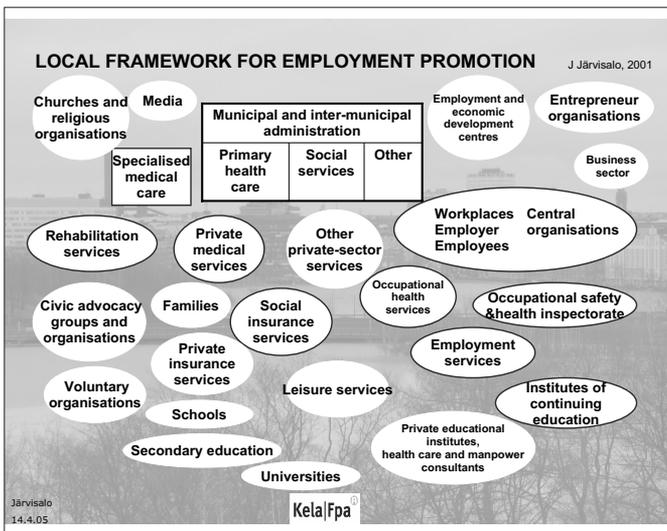
5. Cultural diversity; growing individualism
6. Need for continued development of public services (costs, seamless care, effectiveness, customer-friendliness)
7. Ongoing need for adjustments in welfare state and welfare society

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- Actors at the central level**
- **The political system** (Parliament, Government)
  - **Ministries** and their sub's: Social Affairs and Health (Safety and Health; Health; Social and Family Issues; Social Insurance); Labour (Labour Policy and Employment services); Finance; Trade and Industry
  - **Employer organisations** (private, state, municipal, church sectors)
  - **Employee organisations**
  - **Social Insurance Organisations** (Kela, Accident Insurance, Pension Insurance)
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Government Programme, Development Programmes and Changed Legislation

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## The Programme of Prime Minister Vanhanen's Government for 2003-2007

### Work and education

- Full participation in working life, coordination of family life and work, making work more attractive
- Develop immigration policy
- Develop continuing education

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## The Programme of Prime Minister Vanhanen's Government for 2003-2007

### Social and health policy

- Focus on the promotion of health and prevention of disease among the population; provide support for life-management skills, working and functional capacity and the ability to cope independently
- Support the National Health Project and the National Project for the Development of the Social Welfare Field
- The funding of National Health Insurance will be reformed; employment pensions reform will be continued; elderly care and services for the disabled are developed; poverty and exclusion are combated; and child and family policy are developed

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## The Programme of Prime Minister Vanhanen's Government for 2003-2007

### Economy, employment and taxes

- Restructure public employment services in order to eliminate structural unemployment
- Promote gender equality

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## The Programme of Prime Minister Vanhanen's Government for 2003-2007

### Economy, employment and taxes

- Create at least 100,000 new jobs by the end of the electoral period, so that employment rate will reach 75 % in the end of next government period.
- Narrow regional differences, make training more effective, encourage people to enter the labour market earlier and to leave it later.
- Keep central government finances strong and cut taxes.

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## The Programme of Prime Minister Vanhanen's Government for 2003-2007

### Policy programmes

- Employment (intersectoral policy programme)
- Entrepreneurship
- Information society
- Civic participation

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## Employment policy programme 2003-07

- Inter-sectoral programme under coordination of the Ministry of Labour
- to reduce structural unemployment and prevent social exclusion
- to ensure the supply of skilled labour and provide for scarcity of labour due to demographic changes
- to lengthen the time spent by individuals in the labour market, increase the productivity of labour and improve the organisation of work and job satisfaction.
- 4 projects: revision of public employment services, activating labour market support, active employment policies and enhancing competence, lengthening working careers

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### Recent development programmes

- Maintenance of work ability at the workplace
- National Programme on Ageing Workers 1998-2002
- Well-Being at Work Programme 2000-2003
- Other Ministry of Labour programmes (Research, National Workplace Development Programme (TYKES), Productivity programme)

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### Recent development programmes

- The VETO ("work attraction") programme 2003- 2007 of the Ministry of Social Affairs and Health
- In connection with VETO, the Ministry of Education is recalibrating its own skills enhancement efforts in line with VETO objectives. The NOSTE programme is to advance the basic education of people at 30-59 years.
- National Health Project 2002-; National Development Project for the Social Welfare Field 2003-

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### Legislative changes aimed at related well-being and work

- Revised Act on Occupational Health Care 2002
- Revised Act on Health and Safety at Work 2003
- Changes in health service legislation 2005-
- Changes in social service legislation 2002, Act on Rehabilitative Work Experience 2001
- Many changes in employment services and income security during unemployment, and more to be foreseen

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### Recent changes in social insurance made or in the process

- Various changes in the pension laws since the mid-1990s (changes in temporary/part-time/early retirement pensions). The most recent ones: Flexible pensionable age of 63-68 years, earnings taken into account since 18 years, early disability pensions and unemployment pensions will gradually be abolished.
- Various changes in rehabilitation to promote employment/re-employment (incentives targeted at young people, ageing workers and the disabled). The most recent ones: introduction of a subjective right for vocational rehabilitation for people at threat of work disability; revision of the act on collaboration in rehabilitation at state, regional and local levels.

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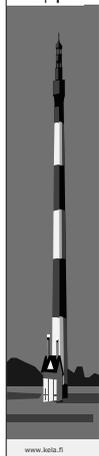
### Recent changes in social insurance done or in the process

- Sickness insurance: the insurance coverage was divided in two: labour income insurance (daily sickness and parent allowances, rehabilitation allowances, occupational health service costs) and medical insurance (actual medical diagnosis and treatment costs, rehabilitation services).

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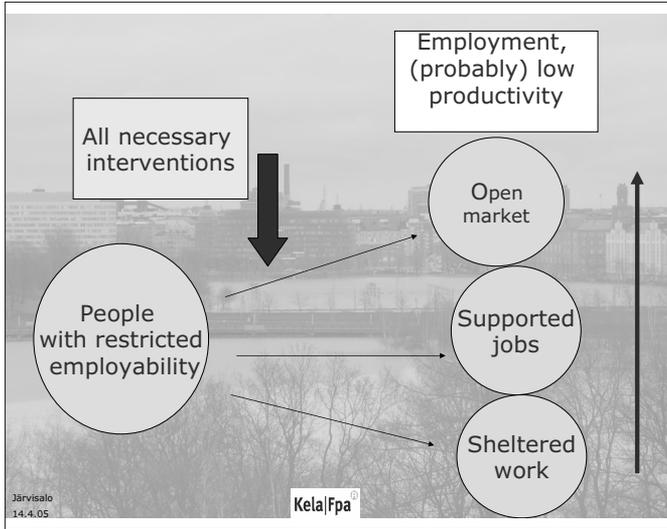
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Vocational rehabilitation and other interventions: How to make the system work?

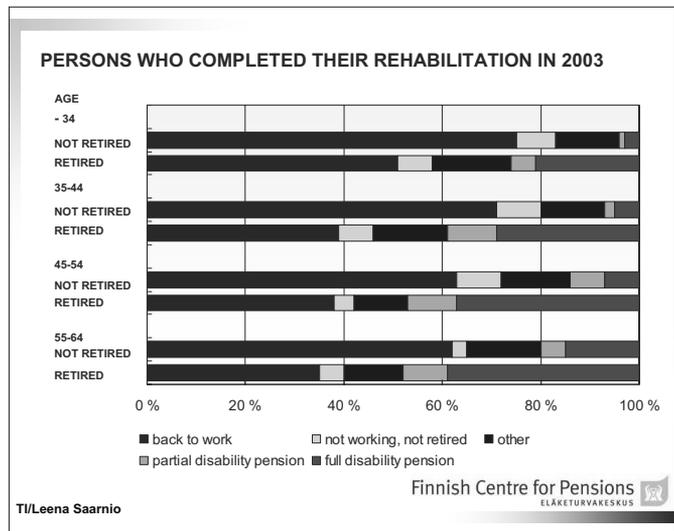


- ### Persons whose employability shows highest difficulty (WG on developing social employment 2004)
- Physically severely disabled
  - People with development disorders
  - Rehabilitees of mental disorders
  - People with substance abuse
  - People whose life management is severed due to social reasons
  - Youngsters who have not finished their school or professional education or who have passed an adjusted syllabus at secondary education
  - Long-term unemployed, or frequently unemployed
  - Older workers whose education and experience do not meet working life demands
  - A part of immigrants and ethnic minorities

- ### Are all sector employers the same ??
- Private, public (state, municipalities, other), third sector
  - Micros, small, medium, large
  - Service, manufacturing, other
  - High skill technology, low skill technology
  - International, multinational, national

- ### Order of magnitude of potential or real clients of vocational rehabilitation for various age groups (FCP 2003, SII 2004, ES 2004)
- Aged < 25 years
    - SII: 6 298 persons (1)
    - SII: 3 848 (2)
    - Employment service ca. 3200 job seekers with disability (3)
  - Aged 25-54 years
    - SII: 9 561 persons
    - Employment pension rehab. 5 215 persons
    - Employment service ca. 59 000 job seekers with disability (3)
  - Aged 55-68 years
    - SII: 4 053 persons
    - Employment pension rehab. 333 persons
    - Employment service ca. 27 600 job seekers with disability (3)
- 1 Based on rehabilitation allowance statistics of SII  
 2 Clients in rehabilitation  
 3 Employment office jobseekers with disability

- ### Activities showing some success
- Act on job alternation leave
  - Household service tax reduction
  - Youth workshops
  - Social enterprises
  - Rehabilitative work experience
  - Joint workforce service units (employment office, SII, municipality)
- ↓
- Labour employment centres



### Work activities without work contract

- Work activities of the disabled
- Work and daily activities of persons with development disorders
- Rehabilitative work experience
- Work trials, on-the-job training and preparatory training for working life, work coaches, coaches to work

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### Working group on Social employment 2004: Recommendations

- Concentrate regulations on one act.
- Develop further the support structure of social enterprise.
- Expand work coaching approach to various support systems.
- Expand work centre system to the county level.
- Separate work and daily activities.
- Advocate that working conditions adjustment includes support given by a fellow worker.
- Enhance the role of social service in labour employment centres.
- Advance employment support periods (to 3 years)
- Revise the employment support of the disabled
- Expand suspended pensions to cover earnings related pensions.

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### Supported work with work contract

- Activity supporting employment of people with disability
- Work in transition
- Supported (coached) employment
- Employment and combined support
- Support for adjustment of working conditions
- Social enterprises
- Youth workshops

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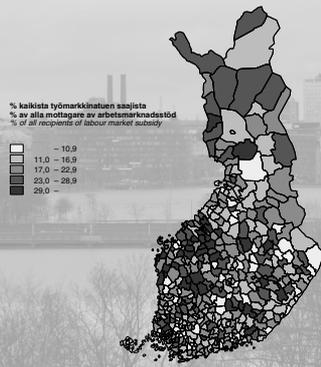
### Working group on Activation of labour market subsidy 2005: Recommendations

- Enhance activation of labour market subsidy recipients
- Make the subsidy remunerative after some unemployment period
- Cut lengthened unemployment based on labour market subsidy
- Revise and clarify the benefit system to remove any part that might lend support to passivity

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Kuvio 49. Työmarkkinatuen saajat: Aktiivisena toimintaan<sup>1)</sup> osallistuvien osuus kunnittain<sup>2)</sup> 30.11.2003, %  
 Figur 49. Mottagare av arbetsmarknadsstöd: Andelen personer som deltar i aktiverande åtgärder<sup>1)</sup> kommunvis<sup>2)</sup> 30.11.2003, %  
 Chart 49. Recipients of labour market subsidy: Share of persons participating in activation measures<sup>1)</sup>, by municipality<sup>2)</sup>, as at 30 November 2003



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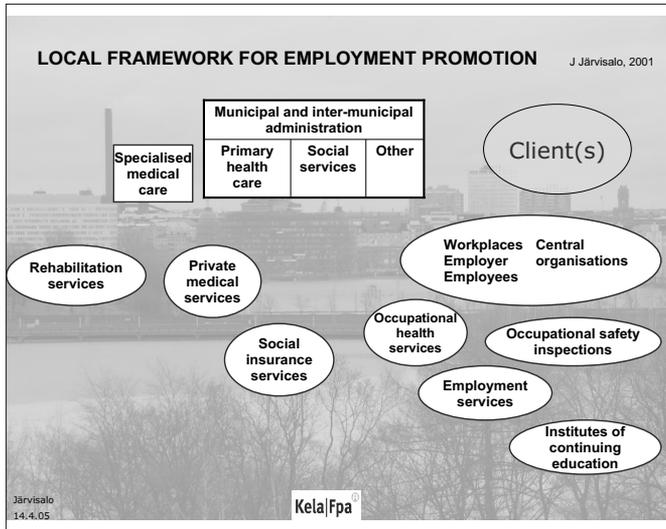
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### Making the local system work in an integrated way?

- Which are the seamless service systems locally that would guarantee customer-friendly cost-effective case management ?
- Different regions of the country are in different needs, it is not only a question about people moving towards densely inhabited centres in economic development but also a question about differing culture and language

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- Some remarks on the preceding
- The challenges (ageing, unemployment, economic globalisation, lack of work force) have been taken seriously.
  - Governmental programmes could be more extensive but less frequent.
  - Policy-makers should assume much greater responsibility
  - The provision and financing of seamless services require extensive coordinated development at central and local levels
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- and
- There is a general consensus that public policy development must proceed from a strong evidence base and application of knowledge management techniques.
  - This means that information and knowledge must be communicated to decision-makers systematically, at the right time, and in the right format.
  - The research expertise that would support analysis and projections is not very extensive or profound.
  - Institutional networking at national and international levels provides valuable assistance, but constructing and maintaining such networks is challenging
  - Development is a politically charged issue: whose policies are being advanced?
  - What is the best way to ensure that research findings can be translated into better operational models and better legislation?
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- Conclusions**
- **Terminology**
    - vocational (yes, but many competing phrases).
    - rehabilitation (maybe, but also other interventions necessary, some more justified).
  - **Evidence**
    - more needed.
  - **Ethical issues**
    - need exploration.
  - **Active working life participation over life-course**
    - targets and measurements should be focussed.
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- Activating options for various age groups 1**
- Age <25 years
    - Supporting competence building and access to employment
      - vocational guidance, employment service, vocational rehabilitation, indentures, youth workshops, rehabilitative work experience
      - rehabilitation allowance may apply (for 16-19 y a special young persons rehabilitation allowance)
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- Activating options for various age groups 2**
- Age 25-54 years
    - Supporting competence building and access to employment
    - Maintenance of work ability and occupational health services
      - vocational guidance, employment service, vocational rehabilitation, indentures, rehabilitative work experience
      - medical and social rehabilitation
      - several income support systems: 1. rehabilitation allowance, 2. partial or full rehabilitation of the earnings related pension system + rehabilitation support for re-employment, 3. various activity related supports for the long-term unemployed
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### Activating options for various age groups 3

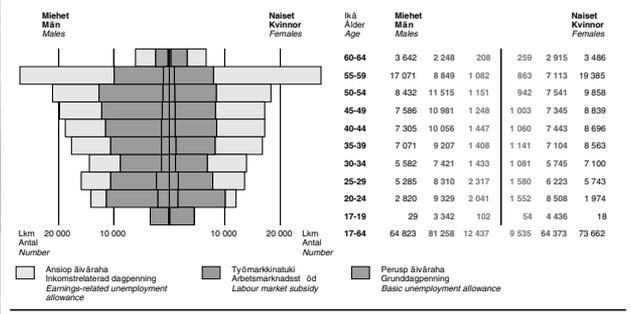
#### ■ Age 55-68 years

- Supporting competence and access to employment
- Maintenance of work ability and occupational health services
- management of health and functional capacity
- medical and social rehabilitation
- vocational guidance, employment service, vocational rehabilitation, indentures, rehabilitative work experience
- several income support systems: 1. rehabilitation allowance, 2. partial or full rehabilitation of the earnings related pension system + rehabilitation support for re-employment, 3. various activity related supports for the long-term unemployed

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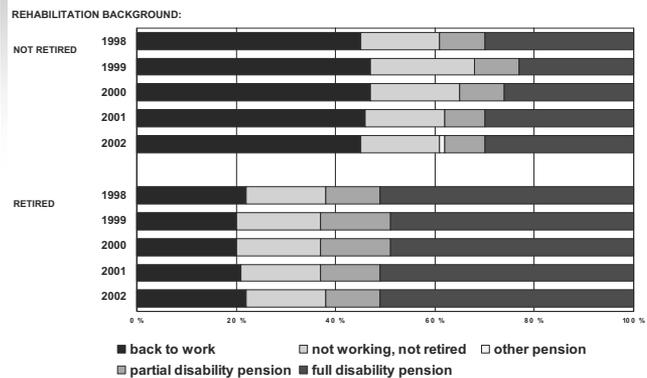
Kuvio 47. Työttömyys äivärahaa ja työomarkkinatukea saaneet iän ja sukupuolen mukaan 31.12.2003  
Figur 47. Mottagare av arbetslöshetsdagpenning och arbetsmarknadsstöd efter ålder och kön 31.12.2003  
Chart 47. Recipients of unemployment allowance and labour market subsidy, by age and sex, at year-end 2003



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### FOLLOW-UP THE PERSONS WHO COMPLETED THEIR REHABILITATION IN 1998 ( N = 970 )



Finnish Centre for Pensions  
ELÄKETURVAKESKUS

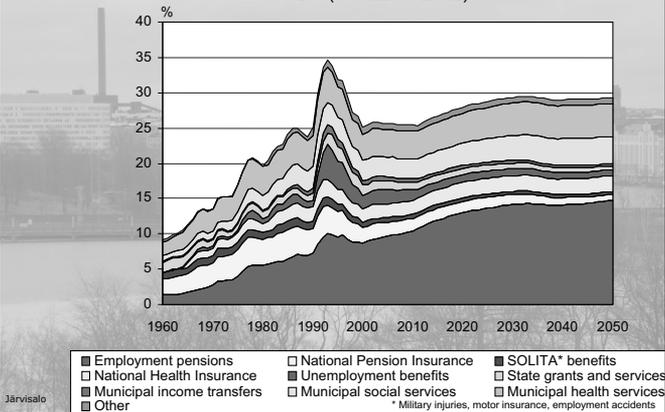
### The economic assumptions underlying the calculations of the SOMERA committee

- ◆ Unemployment rate falls to 6%
- ◆ Employment rate among the population aged 15-64 gradually rises to 71%
- ◆ Annual rate of inflation is 2%
- ◆ Real annual growth of labour productivity is 1.75%
- ◆ Real returns on fund investments average 3.5%

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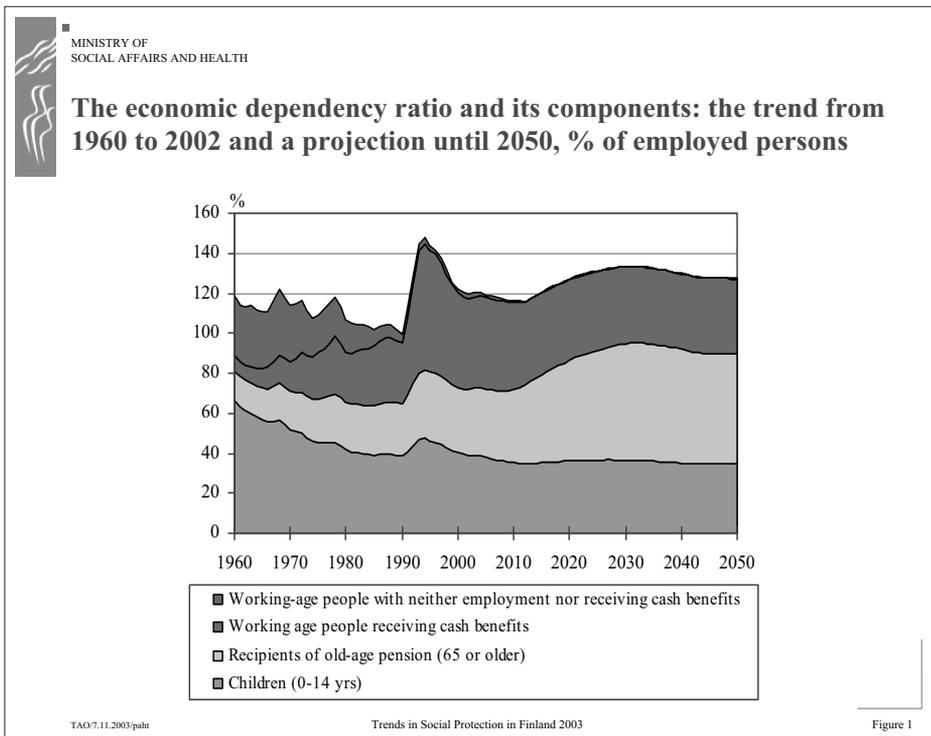
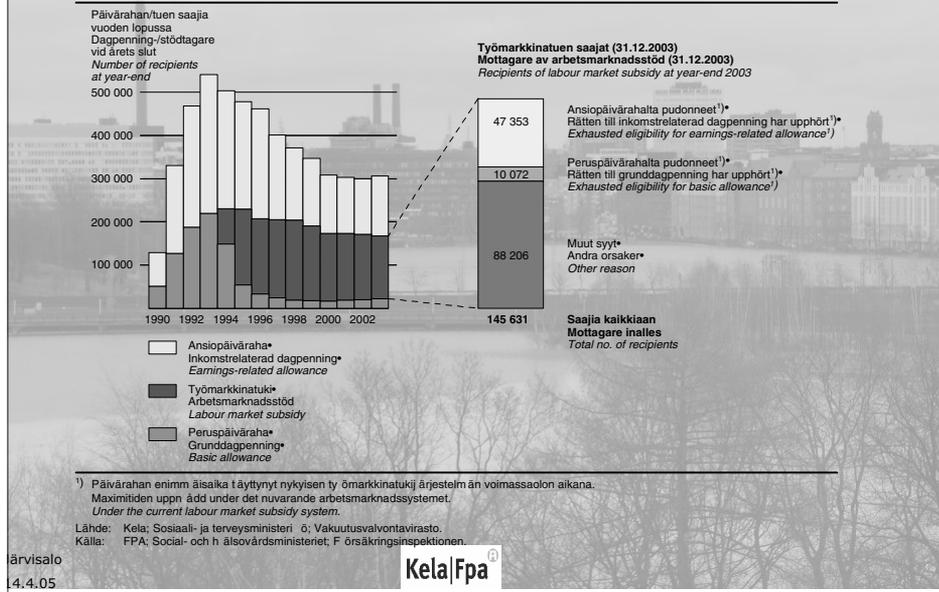
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### Social expenditure in 1960 - 2000 and projection to 2050, % of GDP (SOMERA 2002)



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**Kuvio 48. Työttömyyspäivärahaa ja työmarkkinatukea saaneiden määrän kehitys 1990–2003 sekä työmarkkinatuen saajat vuoden 2003 lopussa tuelle siirtymisen syyn mukaan**  
**Figur 48. Utvecklingen av antalet mottagare av arbetslöshetsdagpenning och arbetsmarknadsstöd 1990–2003 samt mottagarna av arbetsmarknadsstöd enligt stödorsak i slutet av år 2003**  
**Chart 48. Number of recipients of unemployment allowance and labour market subsidy, 1990–2003, and recipients of labour market subsidy at year-end 2003 by reason of eligibility**



## Breaking the barriers – new thoughts in organizing vocational rehabilitation and other interventions

### Major challenges in Iceland

April 14, 2005

Sigurður Thorlaciús, MD, PhD  
Medical Director, State Social Security Institute  
Associate Professor, Medical Faculty,  
University of Iceland

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## Major challenge for the welfare system

An increasing number of recipients of

- disability pension
- unemployment benefits
- municipal financial assistance

**Overheating  
of the system**

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## Major problem for people with a reduced working capacity due to impaired health and/or social problems

Deficiency of vocational rehabilitation and educational solutions aimed at reinforcing foothold on the labour market

Quantity

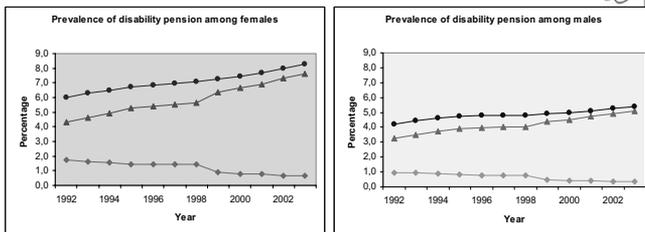
Quality

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## A vocational rehabilitation reform is badly needed

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### Disability pension in Iceland



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## An increasing number of recipients of disability pension probably mainly due to:

- increased pressure from the labour market, with increasing unemployment and competition
- the introduction of the All Work Test (Personal Capability Assessment) in 1999

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### Also pressure for disability pension due to

relatively low level of:

- social insurance sickness benefits
- unemployment benefits
- municipal financial assistance

Sickness insurance benefits and child maintenance supplement linked to disability pension

### Disability pension in Iceland

Disability is assessed by physicians of the State Social Security Institute according to paragraphs 12 and 13 in the National Social Security Act.

Higher level: >75% (full disability pension)  
[All Work Test = Personal Capability Assessment]

Lower level: 50-65% (partial disability pension)

### The disability assessment

is based on the British “Personal Capability Assessment” (previously called the “All work test”).

Function is evaluated by assessing the ability to perform various activities of body and mind.



This functional evaluation is intended to reflect the applicant’s ability to perform all types of work.

The statements of functional ability - the *descriptors* - are graded according to importance, giving high points for major and low points for minor functional impairment.

### Part one: Physical and sensory function

Threshold 15 points



### Part two: Mental health

Threshold 10 points

Combined threshold: 6 points from each part



### Part one: Physical and sensory function

- Sitting
- Standing
- Walking
- Walking up and down stairs
- Rising from sitting
- Bending and kneeling
- Manual dexterity
- Lifting and carrying
- Reaching
- Speech
- Hearing
- Vision
- Contenance
- Remaining conscious



Part two: Mental health

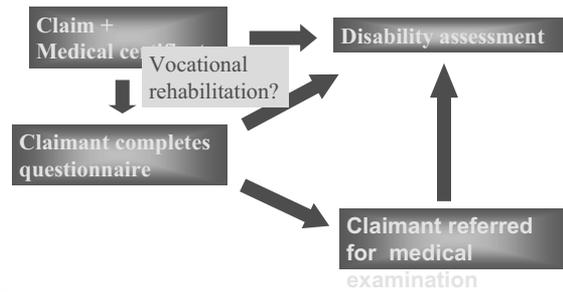
- Completion of tasks
- Daily living
- Coping with pressure
- Interaction with other people



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Procedure



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Relationship between rate of unemployment and incidence of disability pension in Iceland 1992-2003

Sigurður Thorlacius, Sigurjón B. Stefánsson, Stefán Ólafsson.  
Læknablaðið [The Icelandic Medical Journal] 2004; 90: 833-836



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Objective

To evaluate the effect of unemployment and the introduction of a new method of disability assessment in September 1999 on the number of recipients of disability pension in Iceland by examining changes in the incidence of disability pension and unemployment year by year from 1992 to 2003.

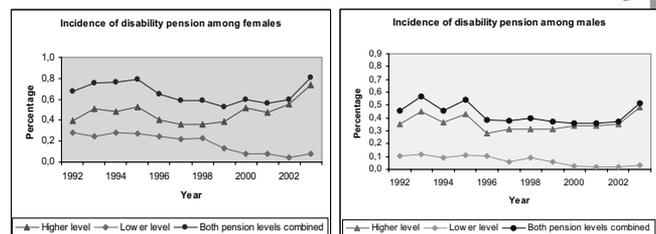
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Material and methods

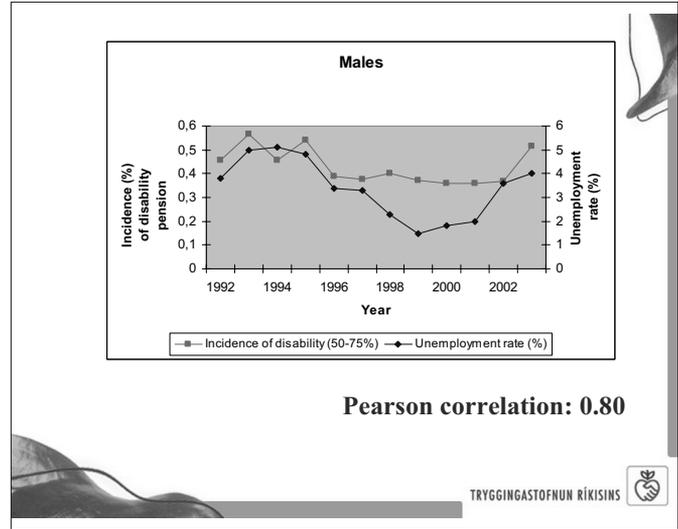
Information on the number and gender distribution of new recipients of disability pension in Iceland and corresponding information on the Icelandic population for each year in the period 1992 to 2003 was used to calculate the incidence of disability pension. The results were compared with data on the rate of unemployment in Iceland.

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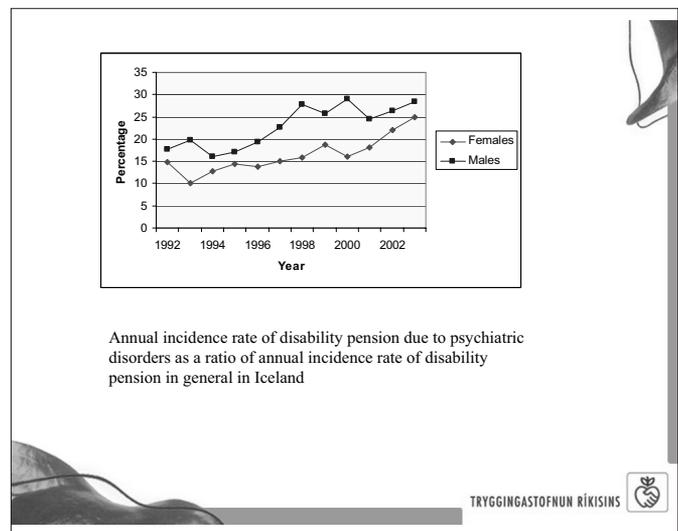




**Disability due to psychiatric disorders in Iceland**

Sigurður Thorlacius, Sigurjón B. Stefánsson, Stefán Ólafsson, Kristinn Tómasson

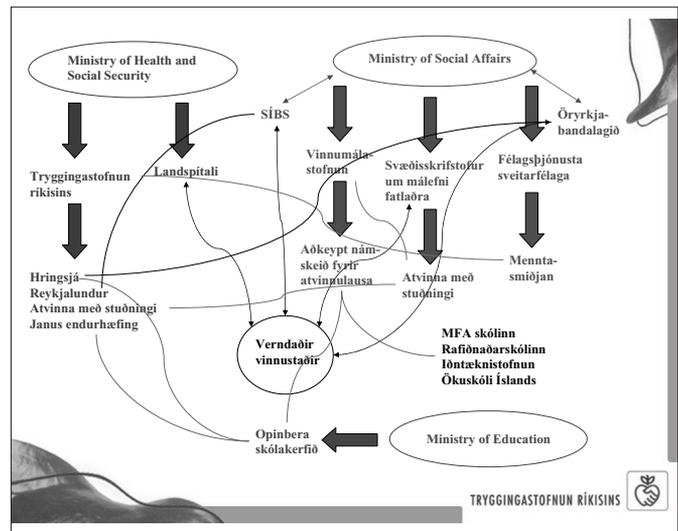
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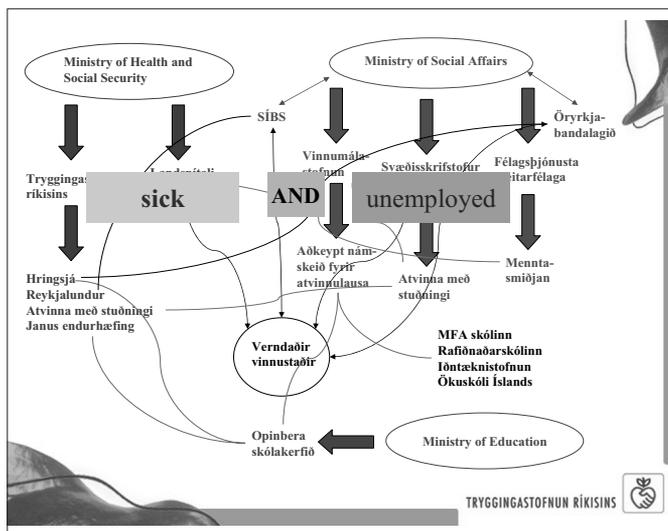
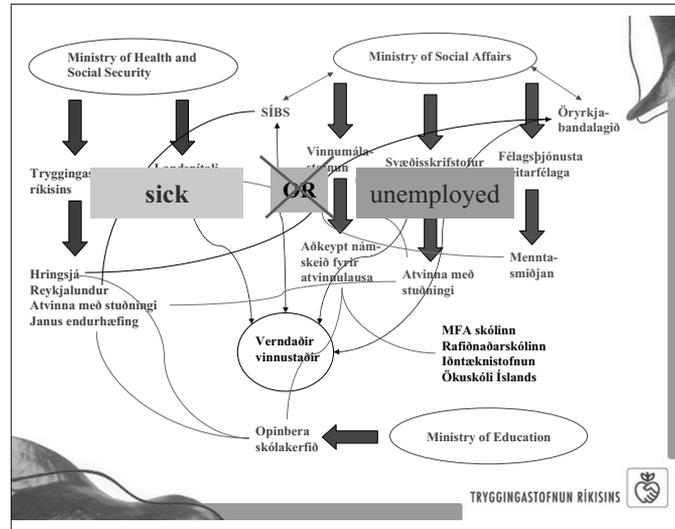
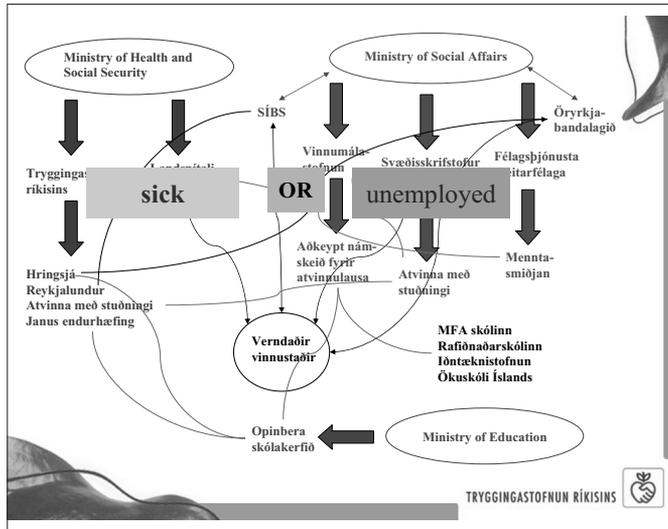


*For hvert et tab igen erstatning findes: Hvad udad tabes, det må indad vindes.*

Hans Peter Holst (1811-1893)

TRYGGINGASTOFNUN RÍKISINS



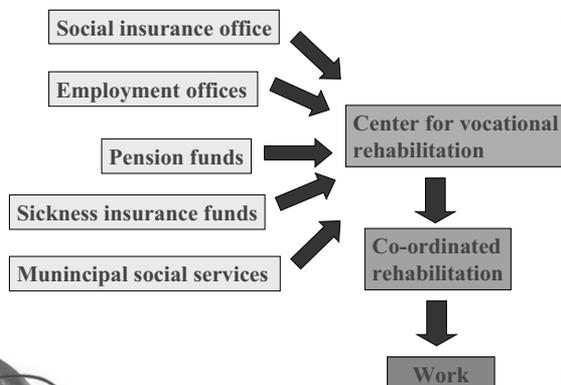


### Ideas on vocational rehabilitation reform

#### A committee appointed by the Minister of Health and Social Security:

- State Social Security Institute
- Ministry of Social Affairs
- Directorate of Labour
- National Association of Pension Funds
- Icelandic Confederation of Labour
- Confederation of Icelandic Employers
- Association of Rehabilitation Professionals

### Ideas on vocational rehabilitation reform



### National center for vocational rehabilitation

- Rehabilitation evaluations => Rehabilitation plan
- Contracts with vocational rehabilitation services
- Contacts in the labour market
- Follow-up into the labour market
- Center of knowledge in this field
- Network of contacts around the country

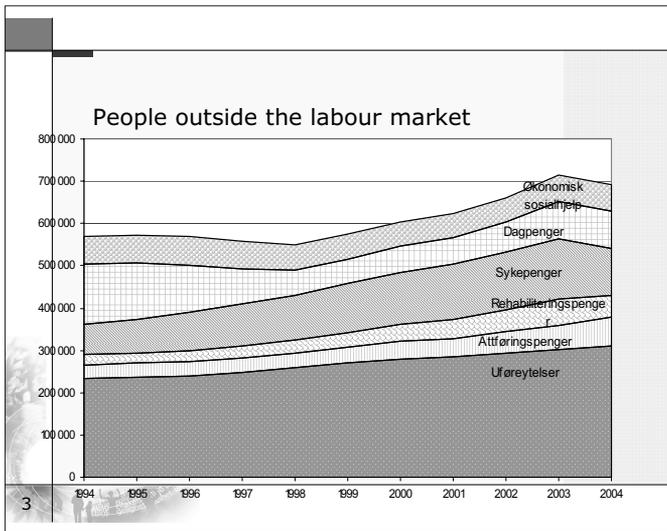
  
**ARBEIDS- OG SOSIALDEPARTEMENTET**  
 Ministry of Labour and Social Affairs

**Breaking the barriers**  
 Reykjavik 14. april  
 Trude Eliassen and Hanne Børrestuen

### The Norwegian situation

- High rate of work participation
- Increasing outflow of the labour market due to sickness, disability or early retirement
- 700 000 persons (workforce= ca 2,4 mill persons)
- 200 mrd NKR to benefits (ca 20 pst of total national expenditures)
- Challenge to turn this development
- Decrease the outflow – increase the inflow

2



### Policy instruments

- Labour market policy
  - Vocational training/rehabilitation
- Social security schemes
  - Sickness benefits
  - Rehabilitation benefits
  - Disability benefits
- Cooperation with the social partners
  - IW- agreement
- New employment- and welfare service (NAV)
- Other initiatives

4

### Inclusive Workplace- agreement

- Agreement between Government and social partners 2001 - 2005
- Inclusive labour market
  - Reduced sickness absence by 20 pst
  - Employ people with impaired functional capacity due to long term sickness or disability
  - Prevent early retirement

5

### IW- agreement – basic principle

- The single workplace
- More responsibility to the employer and employees
- Constructive dialog
- Aid by governmental authorities
  - organisational measures
  - economic measures

6

### Organisational measures

- National Insurance administration as operative responsible
- Working Life Centers in each county
- Contact and support to the local enterprises
- IW- enterprises
  - agreement between the enterprise and the local Working Life Center
  - dedicated adviser
  - commitment between employer and employees
  - specific measures

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### Economic measures

- For IW- enterprises
  - Flexible use of active sick leave
  - Refunded occupational health service
  - More flexible use of self reported absence
  - Support for adaption of the workplace
- For all enterprises
  - Refunded pregnancy related absence
  - Purchasing health services
  - Reduced employers contribution for employees over 62
- Measures for vocational disabled - PES

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### Evaluation 2003

- Not very positive results in neither of the operative objectives
- Need more time
- Renewal of the agreement
- Changes in sickness benefit scheme
  - Stronger obligations to the employees
  - Stronger obligations to the employers
  - Stronger obligations to the medical doctors
- More commitment to the IW- enterprises to include people with reduced working capacity
  - Dedicated cooperation with PES

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### Latest development - 2004

- Sickness absence is falling
  - Long term absence reduced
- Not similar results for the other objectives
  - Reduced long term absence will have positive effects in the long run
  - Priority in the enterprises in the future?
- The IW- agreement seems effective when it comes to preventing the outflow
- Not so successful when it comes to include people who are outside the labour market
- Future challenge

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### Concluding remarks

- The IW- agreement period ends in 2005
- Final evaluation
- Negotiations between the government and the social partners
- Oecd - country review
- Concluding remarks
  - Have the work places become more inclusive?
  - Challenge to recruit people with disabilities or reduced working capacity

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### Vocational rehabilitation

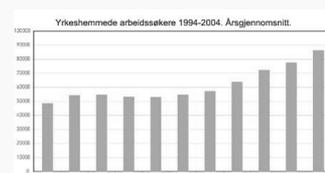
12

### Activation policy and vocational rehabilitation.

- Social security schemes with emphasis on work-motivation
- Early intervention and activation of recipients of different kind of benefits
- User-adapted programmes
- Removal of working hindering barriers
- Involvement of the employers

13

### Vocationally disabled persons registered by the Public Employment Service. 1994 - 2004



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### Labour market policy

- Labour market services in Norway are nationally organised and financed.
- The PES is responsible for implementing labour market policy.
- PES is organized with a Directorate of Labour and local offices throughout the country providing employment services to individual users.

15

### Vocational disabled

- Job seekers with a physical, mental or social handicap which reduces their job opportunity.
- Vocationally disabled is the fastest growing and the largest single group registered at PES.
- The number has raised from grossly 54 000 in 1999 to 94 500 by December 2004.
- The group size is now at the same level as all other groups registered at PES as ordinary jobseekers.

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### Assistance to vocational disabled.

- The aim is to integrate vocationally disabled persons more fully in the ordinary labour market.
- The policy of integration and normalization imply that disabled persons as far as possible shall be given training and work experience in ordinary work settings, both in the public and the private sector, rather than in segregated sheltered workshops.
- Vocationally disabled may use the whole range of services developed by the PES, from information and counselling to ordinary labour market measures and job-placement assistance.

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### Numbers of disabled persons participating in labour market programmes

- There has been a steady rise in the number of disabled persons participating in labour market programmes, from about 45 000 in the year 2000 to more than 60 000 in the beginning of 2005. Of all the disabled persons who have participated in vocational rehabilitation 40 percent are rehabilitated for jobs in the ordinary labour market.

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## Wage subsidies

- An important placement or recruiting scheme is wage subsidies to employers.

19

## A new Public Employment and Welfare service.

- Today the administration of the welfare- and employment services in Norway is divided between three main public welfare agencies: the National Insurance Service and the Public Employment Service run nationally, and the municipal Social Assistance Offices.
- To create a better system the Norwegian Government has proposed a reform to establish a joint frontline service with an employment and welfare office in every municipality.

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## The government has set three main goals for the reform:

- Increase the number of persons at work or in activities, and reduce the number of people dependent on welfare benefits.
- Develop a more user-oriented welfare system.
- Develop a more effective welfare system.

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## A White Paper will be presented to the Parliament

- focusing on the benefits schemes, regulations, statutory rules and services to lead those who are able to work into working life.

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## Closing up

- An inclusive labour market is an important step towards an inclusive society.
- An inclusive society is a society where people with disabilities fully participate on an equal basis.

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## Major challenges and political commitments - Sweden

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## Swedish Disability Policy

- Disability in Sweden
- The political framework
- The institutional framework
- Major challenges



## Disability in Sweden

- More than one million = every fifth person between 16-64
- Every tenth person a disability with a reduced ability to work
- People with a disability – lower labour force participation rate



## The political framework

- Citizens with the same rights and obligations
- Based on United Nations Standard Rules
- Disability policy - a question of democracy - based on citizenship rather than care and nursing



## The political framework

Policy goals:

- Social community based on diversity
- Full participation in community life for people with disabilities
- Equality of living conditions



## The political framework

Prioritised areas:

- the Government will work to ensure that the disability perspective permeates every sector of society,
- to create a society that is accessible to all and
- to improve our approach and response to persons with disabilities.



Swedish Disability Policy · Christina Janzon · 2005-03-14

## The political framework

Fourteen sector agencies, with special responsibility for implementing disability policies in their respective sectors.

For example:

- The Swedish Social Agency
- The Swedish Labour Market Administration

 Försäkringskassan

Swedish Disability Policy · Christina Janzon · 2005-04-11

## The institutional framework

- **The municipality**; e.g. home adaptation, transport services, daily activities and home help services
- **The county council**; e.g. Health care, habilitation, rehabilitation, technical aids
- **The State**; e.g. Labour market Authority, Social Insurance Agency

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## The Swedish Labour Market Administration

Objectives:

- to utilize the working capacity of each person
- The welfare model is based on the principle of work
- Active labour market programmes - priority over the passive payment of benefits
- Number of lasting transitions of people with disabilities from subsidized employment to employment in the open labour market without subsidies should increase.

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## The Swedish Labour Market Administration

- Wage subsidy
- Supported employment
- Sheltered employment
  
- Adaptation at the work-place

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## The Swedish Social Insurance Agency

- Administrates financial support to e.g. families, in case of sickness, pension benefits and specific benefits due to disabilities.
- Activity compensation

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## Major challenges

- To produce results
- Administration
- Notion disability
- Attitudes
- Better education

 Försäkringskassan



## Address by Jón Kristjánsson the Minister of Health and Social Security in Iceland

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Good afternoon ladies and gentlemen.

It is with great pleasure that I thank you for your contribution during these last two days, in trying to find ways to increase the return of disabled people to employment. The number of disabled people, who are not active on the labour market, has been growing rapidly in most western countries during the last years. The result is a great increase in public expenses but more important, a lack of fulfilment among the disabled, as most people choose to be active on the employment market if they can. And most can, if they get the support and the flexibility they need. In these last two days, you have been working on finding some solutions to this problem.

Vocational rehabilitation is not new. Here in Iceland, already in the year 1945, the Association of tuberculosis patients organized a vocational rehabilitation at Reykjalundur, which is located close to Reykjavík. The purpose of this organization was to enable patients with tuberculosis, who had been discharged from a sanatorium, to get work that suited them. It also included training and the chance to study. From this beginning, Reykjalundur has been in the leading position in rehabilitation and vocational rehabilitation. In recent years others have followed in their footsteps in the vocational rehabilitation area.

Despite this, sixty years later, we have only seen increase in the numbers of disabled people who can not get employment that suits them. We are no longer dealing with the effects of tuberculosis, other problems are now the reason for disability. In our minds, disability is usually connected to severe handicaps, such as lack of physical mobility, deafness or blindness. But these are not the people who account for the big rise in numbers of disabled people. Most disabilities are caused by musculo-skeletal

disorders and psychological disorders. Psychological problems are the biggest reason for the increase in Iceland in the last decade and one third in the OECD countries.

And here, like in other Nordic countries, the numbers have risen sharply in the last few years. We have been discussing vocational rehabilitation as one of the answers to the problem of getting people back on to the labour market. I am convinced that we have to make a greater effort in vocational rehabilitation. But the problem is not only vocational rehabilitation. Even if people go successfully through a program of vocational rehabilitation, it may not be enough because this is only the means to an end, which is permanent employment.

The labour market needs to be flexible so everyone can participate, some need part time, and others need special equipment and so on. If the labour market is only for the strong, who can work full time or more and who can always give an optimal performance in their work, there is little room for the disabled. I think none of us wants a society that has no room for diversity. We need to be aware of the fact, that employers need some kind of support or incentives to make it feasible for them to hire disabled individuals. Society as a whole benefits from the employment of the disabled, and therefore we have the responsibility to provide the necessary framework and structure, to make such an employment a positive experience, both for the employers and the employees.

Recently a committee which has been working on a plan for vocational rehabilitation in Iceland, handed in the result of their work to me and the minister of social affairs. In the

next two weeks the result will be introduced to stake holders to get their response. We hope this will take the discussion further. Then the work will be continued by our specialists and I hope to have a plan of action ready sooner than later

During these two days, many ideas have been introduced; they have been dissected, criticized and improved. I hope this will lead us towards a better future for all of us, because it is not only important to the disabled to be

active in society, it is important to us all, that everyone gets a chance to develop ones ability as much as possible. It is our responsibility as a society to make sure this happens and at the end of the day, it will also be our gain and our reward.

I wish our foreign guests a safe journey home and thank you all again for your contribution.

## Summerized results from the workshops, theme 1-4

### Theme 1

**The current development models- analyzing what works and what does not, what pros and cons can be seen and what good practices can be identified from each country**

- Use principles and ideas
- Look at the different systems in the countries
- Cannot move programs without considering circumstances

### What is disability?

- Define disability in the countries
- The next step is to research and compare
- Evaluate different programs

### What works?

- Focus on individual not on systems
- Synchronize or unite systems?
- Focus on ability not disability
- Look at the benefits, where is it financially best to be?

### What works?

- Need more research
- Learn from the experience
- Early intervention
- Employers and employees share responsibility and plan
- Continuity and follow up
- Flexible jobs

### What works?

- Education
- Work and rehabilitation at the same time
- Remember: not everybody can work on the labour market, but everybody can have some activity in their life
- Have reasonable expectations

## THEME II

Central level and administrative levels:  
How much are the needed seamless services systems reflected in the central and administrative discourse?

## Definitions

- The **need for seamless service systems** is taken for granted, in this discussion (implied)
- **Central level** is the level of policymaking, state and local authorities – *Macro level*
- **Administrative level** is where the policy is being administered or implemented and provisions rendered to services – *Micro level*
- **Discourse**, meaning sometimes formal, reasoned dialog

## Part I. Approaches:

### 1. Seamless services

Manages clients  
Employability and employment needs  
In time and with success  
In a client friendly way  
All players involved: public, private, NGO

### 2. Central level

Political, governmental. What is the legislation?  
Role of social partners and institutional HQ

### 3. Administration

How are the resources packaged to benefits and made available for services?

## Part II:

### Is the discourse reflective ?

- In general "NO".
- **Is there a discourse? !**
- Marks of movement

Central: Nor, Den, Swe (first sign in Ice).  
Administrative (local): Den, Nor, Swe, Fin

## Part III: Solutions Principles for functions

- Option range

Merging ←-----→ Flexibility  
Painful Tight colboration  
Takes time Decision power  
to the local actors

## Part III: Decision makers

- *Key points*  
Targeting (what is being targeted)  
Evidence and evaluation (needed)  
Money !!

### Some principles - ideals

- **Citizens oriented** approach
- Citizens **responsibility/rights**
- **One desk** (job centers ???)
- **Co-ordination/co-operation**
- Build in **mobilizing** factors of all players
- **Trust** – mutual trust
- **Courage** to reorganize – change

### Breaking the Barriers

- Within and between Ministries there must be a mutual understanding and a common goal as well as formal discourse, otherwise there might be mixed or even contradictory signals and guidelines, creating confusion rather than justice and order at the administrative level.
- The various administrative bodies must engage in informative and fruitful dialog built on trust and good co-operation, or else they might be pushing or pulling the wagon in different directions.

### Breaking the Barriers

- The most important player in this whole parade, the individual, for whom everything is at stake, might easily get misdirected, lost and even forgotten in the process.
- All above also applies to the interaction between levels.

### The group discussions ...

- The grass is greener – especially on the other side ...
- Finland – has special law
- Denmark – new conditions around 2007
- Norway – always changing – now toward “one service desk”
- Iceland – opening up for discussions and a proposal pending
- Sweden – we should visit the next time

### What seems to be the situation?

- Is there a discourse?
- If so, are the needed systems reflected in the discourse?
- Is the need of individuals reflected in the systems?
- Could the systems possibly be seamless, or at all good, if they are not reflected in the discourse at all levels and across levels?
- Do we have such seamless services that they are not even to be seen or much less reflected anywhere!!

### What seems to be the situation?

- Is there a causal connection?
- Is there a fruitful discourse or any discourse at all at any level on the ideology, issue or need for seamless service systems?
- If turned the other way around:
- Is the central and administrative discourse or possibly the lack thereof reflected in the service systems? Seamless or not!

### Theme 3

Risks of benefits, (or combinations of benefits) which create negative side effects, leading to barriers for people with disabilities from entering or staying in the labour market.

Representatives from  
Finland, Iceland and Sweden

### Focus on

- Disincentives to work connected to benefits
- Disincentives to work connected to combinations of benefits
- Welfare system
- Working life
- Individual factors

### Disincentives to work

#### Benefits:

- High benefits - in particular in some income categories – combined with lack of demands
- Low benefits
  - may increase turn-over to other benefits
  - risk of social exclusion

#### Examples:

- High compensation rate of disability pension and low compensation rate of sickness benefit (Iceland)
- Higher compensation (disability pension) for younger people; incentive to get benefit early

### Combinations of benefits

#### Examples from Iceland:

- A threshold effect : a rise in compensation from the pension fund for the disabled decreases the compensation from social insurance
- Disability pension and supplements for children
- Full disability pension reduces doctor's and physiotherapist's fee, costs of pharmaceuticals etc.

### Welfare systems

- Individuals become lost in a complex system: nobody takes the responsibility
- Malfunctioning:

#### Example:

- Information cannot be changed between authorities due to the protection of personal integrity (Finland)

### Welfare systems

- Social insurance does not recognize part-time pension, in contrast to earnings-related pension: impossible to leave the pension in abeyance (Finland)
- Fraud is a problem

### Working life

- High demands in working life hinder the disabled from entering and staying in the labour market
- Lack of flexibility is negative
- Difficult for the disabled to find a suitable job:
  - Provision of employment has to be increased
  - More part-time jobs needed
  - More wage subsidies needed

Example: employment security legislation causes lack of flexibility Sweden

### Breaking the Barriers

#### Theme 4

Internal factors at workplaces are hindering people with disabilities from working.

Are the problems related to the individual, the working environment or attitudes of colleagues?

### Individual factors

- Are people becoming too dependent on benefits?
- Problems:
  - Attitudes towards benefits as individual rights
  - Lack of own responsibility
  - Social problems tend to become health/medical ones

### Breaking the Barriers

#### Theme 4

- Internal factors
  - “House of work-ability”
    - health
    - professional knowledge
    - values
    - work conditions – demands and organization
    - work

### Conclusions

- We do not see the disabled individual
- Welfare systems are working for themselves, not for the disabled individual
- Welfare systems are too complex
- Transparency is missing (hidden needs)

### Breaking the Barriers

#### Theme 4

- Marketing
  - Stop talking about US and THEM
  - Do not divide people into ABLED and DISABLED
  - Accessibility is a basic right – long way to go
  - Positive marketing:
    - different group needs different marketing
  - A school for everybody
    - start with the children
  - Talk about the costs – long term saving!

## Breaking the Barriers

Theme 4

- Internal factors at workplaces hindering people with disabilities from working. Are the problems related to the individual, the working environment and nature of work, or attitudes of colleagues, leaders and employers?
- Threats and opportunities

## Breaking the Barriers

Theme 4

- Role of the municipality
  - need increased focus
  - transparent system; system for comparison
  - creates constant pressure and political debate

## Breaking the Barriers

Theme 4

- Social factors lead to disability– not only health factors
  - lack of challenge at work
  - limited opportunity
  - outdated skills
  - lack of positive feedback etc.
  - risk management pyramid
  - well-being at work
  - early intervention

## Breaking the Barriers

Theme 4

- Center for vocational rehabilitation
  - multiprofessional team
  - access work-ability
  - need to test out in real workplaces!

## Breaking the Barriers

Theme 4

- The mentally disabled
  - The hardest group to integrate
  - Important factors ( from employers point of view):
    - easy process, no paperwork
    - will not cost anything for the employer
    - follow-up system

## Breaking the Barriers

Theme 4

- Individual factors
  - Threats/challenges
    - fear and negative attitudes, self esteem, lack of sense of coherence
    - under- or overestimation of own potential
    - attitudes of family and friends
    - Lack of pre-training in protected workplaces
    - economic incentives

## Breaking the Barriers

Theme 4

- We made it!
- Work with the parts that function instead of being home with the sick part
  - dialogue between employer and employees
    - with help from doctors, occ. health service, social security etc.
    - need easy systems, less bureaucracy
    - influence on working time, flexibility
    - work is the link to “a normal life”

## Breaking the Barriers

Theme 4

- **Working environment/ nature of work**
  - Threats/ challenges
    - pressure and speed
    - automatisisation
    - demand of flexibility
    - complexity of work
    - boring jobs

## Breaking the Barriers

Theme 4

- **Individual factors**
  - Threats/challenges
    - lack of formal education, outdated work skills
    - lack of work experience and lack of knowledge of possibilities
    - lack of interest and motivation
    - nature of the handicap
    - negative previous experience

## Breaking the Barriers

Theme 4

- **Working environment/nature of work**
  - opportunities
    - dialogue between employer and employees
    - more active and earlier intervention from occ. health care
    - occupational safety

## Breaking the Barriers

Theme 4

- **Individual factors**
  - Threats/challenges
    - lack of flexibility in social security systems, (time limitation)
    - lack of understanding/denial of own disability
    - insecurity regarding the workplace
    - limited influence on work
    - bad lifestyle conditions

## Breaking the Barriers

Theme 4

- **Colleagues**
  - opportunities
    - working with attitudes
    - awakensness
    - education and preparation (facts)
    - external professional contact support persons
    - internal support person/mentor

## Breaking the Barriers

Theme 4

- **Working environment/ nature of work**
  - Threats/ challenges
    - lack of or too much offer of part time work
    - lack of possibility and will to adapt the workplace
    - lack of accessibility
    - low salary
    - mistrust, lack of understanding
    - risk of accidents

## Breaking the Barriers

Theme 4

- Employers and leaders
- Opportunities
  - positive image of the organisation
  - transparency
  - economic support and incentives
  - awareness training to see more possibilities

## Breaking the Barriers

Theme 4

- Colleagues
  - Threats/challenges
    - colleagues are sceptical
    - lack of knowledge
    - lack of time to support
    - previous experience
    - attitudes and prejudice

## Breaking the Barriers

Theme 4

- Employers and leaders
  - The attitude and will of the employer is vital
  - Threats/challenges
    - lack of assistance
    - cost related problems
    - lack of information and education

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