

No. 159

**REPORT**

for the period 1 June 2015 to 31 May 2021, made by the **Government of Finland**, in accordance with article 22 of the Constitution of the International Labour Organisation, on the measures taken to give effect to the provisions of the  
**Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983, No. 159**  
 ratification of which was registered on 24 April 1985.

**I LEGISLATION AND REGULATIONS**

The following significant amendment was made over the period from 1 June 2015 to 31 May 2021 to the Act on the Rehabilitation Benefits and Rehabilitation Allowance Benefits of the Social Insurance Institution of Finland (566/2005):

Act on the Rehabilitation Benefits and Rehabilitation Allowance Benefits of the Social Insurance Institution of Finland (566/2005)

- Statutory amendment concerning vocational rehabilitation of young adults
- The amendment took effect on 1 January 2019.

The Act on the Rehabilitation Benefits and Rehabilitation Allowance Benefits of the Social Insurance Institution of Finland was amended (1097/2018) as of 1 January 2019 by adding a new section 7a on the organisation of vocational rehabilitation for young adults. Insured persons between the ages of 16 and 29 are entitled to vocational rehabilitation if their functional capacity is materially impaired and rehabilitation is appropriate to support or promote their functional capacity and life management, and their ability to study or secure employment. A further condition is that rehabilitation is necessary to support or promote their capacity to study or secure employment.

Assessing impairment of functional capacity involves comprehensive consideration of factors affecting the functional capacity of the insured person, especially with respect to performance and participation, and individual and environmental factors. Functional capacity is regarded as substantially impaired if the impairment in some aspect of functional capacity restricts future planning by the insured person or access to studies or employment, or prevents the insured person from continuing studies. Assessing the appropriateness of rehabilitation involves considering whether the requested rehabilitation can promote an applicant's functional capacity, life management, and capacity or ability to study or secure employment.

Provision of Social Insurance Institution vocational rehabilitation services for young adults is governed by subsection 4 of the new section 7a. Under this statutory provision, the Social Insurance Institution arranges vocational rehabilitation services for young adults that determine and assess the need for rehabilitation, rehabilitation opportunities and study and employment opportunities, together with coaching services. The subsection also includes a duty to co-operate with operators that are necessary from the perspective of the Social Insurance Institution and the individual undergoing rehabilitation.

The amendment seeks to support and promote the functional capacity, life management, and capacity and ability to study and secure employment of young adults who are in difficult life situations and socially excluded. One particular aim was to improve the status of young adults who are not in education or employment, and their future opportunities for vocational training and participation in the world of work. Young adults will be encouraged by no longer needing to submit forms or medical certificates at the stage of applying for rehabilitation, with each instead interviewed individually. Young adults will be more actively guided to Social Insurance Institution rehabilitation through their own networks, such as *Ohjaamo* One-Stop Guidance Centres and Outreach youth work.

## II Observation, 2015

*The Committee requests the Government to provide information on the impact and effectiveness of the measures implemented in the context of its policy on vocational rehabilitation and employment of persons with disabilities. Please also continue to include relevant information, supported by statistics, on the implementation of the Convention.*

### *Persons with disabilities and long-term illnesses in the labour market*

For our country, no statistics are available on the employment rate of people with disabilities and long-term illnesses, so an overview of the situation must be created using indirect statistics. The number of unemployed people with disabilities and long-term illnesses fell until the beginning of the coronavirus pandemic in April 2020, as did general unemployment. The negative effects of the pandemic on unemployment, in turn, were significantly less pronounced for persons with disabilities and long-term illnesses.

#### **Persons with disabilities and long-term illnesses in the labour market, change on previous year (%)**

	Persons with disabilities and long-term illnesses	Persons with no disabilities or long-term illnesses	Persons with disabilities and long-term illnesses	Persons with no disabilities or long-term illnesses
2015	42,231	313,795		
2016	40,710	312,660	-3.6	-0.4
2017	36,860	270,451	-9.5	-13.5
2018	31,899	230,771	-13.5	-14.7
2019	30,740	226,700	-3.6	-1.8
2020	34,429	325,841	12.0	43.7
2021 (January to April)	34,161	310,147	-0.8	-4.8

The decrease in the number of unemployed is not explained by the outflow from the labour force, as the number of recipients of disability pensions has decreased during the corresponding period. In addition, more people receiving disability benefits are employed in addition to their pension. According to a statistical report from the Finnish Centre for Pensions, at the end of 2019, a disability pension was paid to 134,000 people in the employment pension scheme. Of these, 17 per cent received a partial pension (23,000). Recipients of a partial disability pension in particular were also quite well attached to working life, as almost 19,000 or 80 per cent were employed in December 2019 and 60 per cent were employed for the whole year. In December 2019, 14,000 of the recipients of the full disability pension, or 12 per cent, were employed. And less than 7,400 or 30 per cent of the recipients of a full pension were employed throughout 2019. Over the last couple of years the share of people in work has started to rise slightly.

In accordance with the principles of inclusion and normalisation, the service for persons with disabilities and long-term illnesses is also always aimed primarily at finding a job in the open labour market or a training solution that enables work in the open labour market and only secondarily in employment with wage subsidy.

### Employment of persons with disabilities and employment support measures

	employment in the general la- bour market	employed	started labour market training	started other training	started a coaching or experiment	started independent study
2015	23,046	6,623	2,197	1,020	7,575	1,522
2016	21,835	7,066	2,102	888	6,662	1,528
2017	21,857	8,075	2,308	998	8,760	1,496
2018	22,081	8,279	2,384	932	10,564	1,229
2019	20,862	8,119	2,542	982	7,521	1,020
2020	21,418	7,239	2,186	875	5,099	922

On this basis, the decrease in the number of unemployed was not reflected in the reduction of various employment support measures, but as the numbers remained at the same level, an increasing proportion of unemployed persons with disabilities and long-term illnesses was the target of these measures. The decline in unemployment is also further explained by the fact that the number of begun periods of unemployment also started to decline in 2016. The better situation of the disabled and the chronically ill during the coronavirus pandemic is also reflected in the relatively modest increase in beginning periods of unemployment. This indirectly refers to the effectiveness of employment support services or employer incentives for the employed.

### Beginning periods of unemployment

2015	52,654
2016	47,848
2017	47,310
2018	48,122
2019	45,566
2020	46,799

‘Career opportunities for people with partial work ability’, also known as the OTE key project, was one of the key projects of Prime Minister Juha Sipilä’s Government. The project was carried out in 2015–2018. The objective of the OTE project was to improve the labour market opportunities of people with partial work ability by supporting them in continuing their work or finding new employment more easily than before. In addition, the project aimed to foster more positive and open attitudes towards greater diversity in working life. The OTE key project was based on the ‘Persons with partial work ability at work’ programme. The OTE key project was carried out as a collaborative effort of the Ministry of Social Affairs and Health and the Ministry of Economic Affairs and Employment.

During the OTE key project, the number of unemployed persons with partial work ability decreased by 30.2%. The number of long-term unemployed people with partial work ability decreased as well. Persons with partial work ability found employment mostly in the open labour market and all sectors. The demand for labour genuinely applied also to persons with partial work ability. After the OTE key project there were 12,000 less unemployed jobseekers with partial work ability than at the start of the key project. This alone generated direct savings of EUR 100 million per year as unemployment costs are reduced.

Based on the study made during the OTE key project majority of employers had a positive attitude towards recruiting persons with partial work ability. Employers thought that the essential qualities are skills, attitude and motivation. The perspective shifted away from thinking along the lines of illnesses, defects or handicaps.

During the OTE key project legislation was passed to improve the position of persons with partial work ability in the labour market and society: both the Ministry of Social Affairs and Health and the Ministry of Economic

Affairs and Employment made several changes to legislation during the key project. The service system was made more efficient and customer-oriented: 700 work ability coordinators were trained and they work in a wide range of services and workplaces, offering personal support for their clients and acting as coordinators for services and collaboration networks. The Tie työelämään (Road to employment) online service was launched. It attracted 11,000 users per month. Rehabilitation paths were also made clearer. Easily accessible centres for functional ability were set up.

Increasing the participation of people with partial work ability in the labour market through the work ability programme is included in the Government Programme of Prime Minister Sanna Marin. The programme is implemented in cooperation between the Ministry of Economic Affairs and Employment and the Ministry of Social Affairs and Health. The work ability programme strengthens the ability of the service system to identify the need for work ability support for the unemployed people with partial work ability and to direct them to the required services. To this end, the skills of health and social care professionals and TE actors will be strengthened and the training of work ability coordinators will be consolidated. The employment of people with disabilities is promoted through supported employment methods.

Subsection 3 of section 7 of the Act on the Rehabilitation Benefits and Rehabilitation Allowance Benefits of the Social Insurance Institution of Finland (566/2005) governs a business subsidy granted as vocational rehabilitation. This subsidy is linked to the objectives of vocational rehabilitation, and satisfying the conditions for granting vocational rehabilitation is a general condition of eligibility. The Act provides that persons undergoing rehabilitation shall be given necessary and reasonable assistance in support of engaging in a trade or profession for the purpose of acquiring tools and work machines, and establishing and relocating their own business. The provision seeks to secure the employment of rehabilitated persons in professions or work that suits them, and that generates a reasonable income. The aim is for persons undergoing rehabilitation to secure a reasonable income or earnings to supplement their pension through the subsidised business operation, to the extent that this income is essential to their livelihood.

The sum granted in business subsidy is estimated to be reasonable and necessary in the circumstances of the person undergoing rehabilitation. The maximum business subsidy is 80 per cent of the total eligible costs of the grant-financed procurement, meaning that a person undergoing rehabilitation is always left with a deductible of at least 20 per cent. The maximum business subsidy payable is EUR 17,000.

Nineteen persons received business subsidies for vocational rehabilitation in 2019. The total costs of the rehabilitation service amounted to EUR 137,689. There were 9 recipients of the business subsidy in the previous year of 2018, with total rehabilitation service costs amounting to EUR 64,227. A total of 71 applications were processed in 2019.

### Key project on career opportunities for people with partial work ability (OTE)

The Government's key project on career opportunities for people with partial work ability (OTE) was implemented between 2015 and 2018. The objective of the OTE key project was to improve the labour market position of people with impaired ability for work by supporting them in continuing their work or finding new employment more easily than before. In addition, the project aimed to foster more positive and open attitudes towards greater diversity in working life.

As many as 1.9 million Finns of working age have some type of disability or chronic disease. A third of them, or about 600,000 persons, find that the disease or disability affects their work or work opportunities. The number of people with impaired ability for work is estimated to rise as the population ages.

The OTE key project was a programme aiming to achieve change in society. It helped to increase the employment rate of persons with impaired ability for work, promote more positive attitudes towards their access to employment, improve their access to rehabilitation, and provide publicly accessible information concerning the means, benefits and services helping people to find employment or continue working. Some legislative

amendments were also made as part of the key project. The project was carried out as a collaborative effort of the Ministry of Social Affairs and Health and the Ministry of Economic Affairs and Employment.

#### Work ability programme

The work ability programme is part of the Government Programme, and its aim is to raise the employment rate. It is implemented jointly by the Ministry of Social Affairs and Health and the Ministry of Economic Affairs and Employment in 2019–2023. The purpose of the programme is to support unemployed people with impaired ability for work and long-term unemployed people in finding employment and continuing working, to prevent prolonged unemployment and disability, and to enhance the working life participation of persons in a vulnerable position in the labour market.

The Ministry of Social Affairs and Health has awarded discretionary government grants under the work ability programme to 22 regional projects for the purpose of supporting unemployed people's working capacity in 2021–2022. The Ministry of Social Affairs and Health is responsible for the set of measures included in the programme. The measures help make services that support work ability available in the future health and social services centres. The social security reform is also strongly linked to the work ability programme. The aim of the reform is to create a clearer and better functioning system that allows citizens to combine work and social security in changing life situations.

#### IPS –Sijoita ja valmenna! project (Individual Placement and Support project)

The IPS – Sijoita ja valmenna! project implements a content-related and operational reform of the services rehabilitating people to working life referred to in the National Mental Health Strategy. In the project, the employment support services and the psychiatric treatment and rehabilitation services will be consolidated into a mutually supportive service process. Three IPS pilots were launched in different parts of Finland in early 2021. New projects were able to apply for discretionary government grants in an additional call for applications organised in spring 2021.

#### Expanding work ability programme and IPS model as part of Sustainable Growth Programme for Finland

- The plan is to extend the measures of the work ability programme to five areas. The aim is to ensure that services supporting work ability are equally available and accessible. Employment services and health and social services have established multi-sectoral cooperation and client assistance in service packages supporting work ability, and the services have been integrated into healthcare and social welfare services and the public employment and business service.
- The plan is to extend the IPS –Sijoita ja valmenna! operating model to a total of six hospital districts in order to support people with mental health disorders on an equal basis in entering, returning and staying in the labour market.

A further plan is to increase the number of work ability coordinators in the Employment and Economic Development Offices (TE Offices) to support people with impaired ability for work. The new intermediate labour market operator will help create new work opportunities for people with impaired ability for work and people with disabilities. It will also be ensured that professionals working in the services for the unemployed and all relevant actors at workplaces know how to support the work ability and employment of people with impaired ability for work in a customer-oriented and multidisciplinary manner. A study will be carried out to assess the implementation, results and effects of support for work ability.

#### ***Special Task Company (Välittäjä Oy):***

The Government decided to establish Välittäjä Oy to advance employment of people with partial work ability who have the weakest position in the labour market. One aim of the company is that some workers will eventually find employment in the open labour market. The operation is scheduled to start during 2022. Välittäjä

Oy offers the employee a supported job as well as the training and other support needed to enter the open labour market. When establishing the Välttjäjä Oy, market-based pricing and the realisation of competitive neutrality must be ensured.

### III APPLICATION OF THE ARTICLES IN FINLAND

#### Client volumes:

Vocational rehabilitation (excluding vocational rehabilitation of young adults)

<b>Whole country; vocational rehabilitation (section 6)</b>	
<b>Period</b>	<b>Recipients</b>
<b>2015</b>	18,139
<b>2016</b>	19,534
<b>2017</b>	20,369
<b>2018</b>	21,620
<b>2019</b>	24,948
<b>2020</b>	26,037

Vocational rehabilitation of young adults

<b>Whole country; vocational rehabilitation of young adults (section 7a)</b>	
<b>Period</b>	<b>Recipients</b>
2019	2,619
2020	5,186

### IV

A copy of this report has been sent to following labour market organizations:

1. The Confederation of Finnish Industries (EK)
2. The Central Organization of Finnish Trade Unions (SAK)
3. The Finnish Confederation of Salaried Employees (STTK)
4. The Confederation of Unions for Academic Professionals in Finland (Akava)
5. The Commission for Local Authority Employers (KT)
6. The State Employer's Office (VTML)
7. The Federation of Finnish Enterprises (SY)

Statements of the labour market organisations:

#### **The Federation of Finnish Enterprises (SY)**

The Federation of Finnish Enterprises find that the objectives of the Employment Service and Employment Policy Conventions are reasonably well achieved in Finland. However, The Federation of Finnish Enterprises wish to point out that there is a significant skills mismatch in the Finnish labour market, both regionally and professionally. Employment and labour market policies should play a more active role in solving these problems and increasing the employment rate.

The Federation of Finnish Enterprises maintain that the activities of the employment services should be developed in such a way that the authorities can focus on employment services without being responsible for tasks that ought to be carried out by agencies providing unemployment security. A model known as the “Nordic job search model” is currently being prepared in Finland, with the aim of reforming both the provision of employment services and the criteria for receiving unemployment security as part of the implementation of labour market policy. The Federation of Finnish Enterprises believe that the objectives of the Nordic job search model are correctly set. Labour market policy must start from the job seeker’s obligation to actively seek employment. However, public employment services must operate efficiently and appropriately, taking into account the needs of each jobseeker. While The Federation of Finnish Enterprises believe that the Nordic job search model could help improve the efficiency of public employment services, the organisation also wishes to emphasise that the operations of public employment services must be closely monitored and evaluated.

In Finland, plans are currently under way to establish a special assignment company, “Välittäjä Oy”, which would recruit people with disabilities and with partial work ability. Välittäjä Oy would act as a kind of intermediary for people with partial work ability transitioning into the open labour market. The Federation of Finnish Enterprises wish to emphasise the importance of creating pathways and employment opportunities in society for people in a more vulnerable position in the labour market. Therefore, the establishment of Välittäjä Oy is seen as a sensible decision, provided that the measures are limited to groups of people with only the severest difficulties in finding employment so as not to distort competition.

In the case of people with disabilities, the use of wage subsidies is also justified in order to enable to assist them in finding employment in the open labour market. However, The Federation of Finnish Enterprises maintains that wage subsidies must not be used in a way that distorts competition and must be limited to measures that support the employment of persons with disabilities, skills deficiencies, or other such limitations. Wage subsidies are often seen as a key instrument in active labour market policy, but wage subsidies should not be used as a permanent solution for employing disadvantaged groups.

### **The Central Organization of Finnish Trade Unions (SAK), The Finnish Confederation of Salaried Employees (STTK) and The Confederation of Unions for Academic Professionals in Finland (Akava)**

#### *Access of people with partial work ability to employment*

According to studies, employers’ attitudes towards the employment of people with partial work ability have become more positive (e.g., Ala-Kauhaluoma et al., 2017). However, the report of the working group of researchers on employment (Ministry of Economic Affairs and Employment 2021:40) emphasises that employers require more information and support in the recruitment of people with partial work ability and in planning the modifications required for work.

The labour market organisations state that the highest employment impact can be achieved in work ability services if sufficient investments can be made in them and their correct timing, the development of rehabilitation and the coordination of benefits. Additional resources alone are not enough; instead, new operating models are also required and the competence of professionals working with work ability problems needs to be strengthened. Projects have been launched regarding these, for example, in the work ability programme outlined in the Government Programme and in future health and social service centre projects.

Vocational rehabilitation must start at a sufficiently early stage, when the employee is still able to work. Currently, amendments to the Health Insurance Act and the Social Insurance Institution of Finland’s rehabilitation benefits and allowances are in progress. Their objective is to identify employees’ remaining ability to work and their opportunities to continue working at an earlier stage (no later than after 90 days of sickness allowance and, if required, after 150 and 230 days of sickness allowance). This is a proposal in the right direction and can help to maintain the ability to work.

In its mid-term policy review in the spring of 2021, the Government decided to establish a new labour market company in Finland, entitled Välttämä Oy. This is based on Samhall, a company which helps people with partial work ability to find employment in Sweden. The labour market organisations are in favour of the establishment of Välttämä Oy and providing it with sufficient resources. Giving people with partial work ability and disabilities with easier access to employment is valuable. Appropriate work for which employees receive wages in accordance with the collective agreement is key.

In addition, the Ministry of Social Affairs and Health has for long been preparing the implementation of a linear model for partial disability pension. Proposed to be adopted in 2024, the model would link the partial disability pension to earned income by gradually reducing the pension after earned income exceeds a protective limit. The labour market organisations have been involved in preparing the model and consider it to be important.

### **The Confederation of Finnish Industries (EK)**

The objectives of the employment services and employment policy conventions are partially achieved in Finland. There is a shortage of skilled labor in the Finnish labor market in several sectors, which is largely due to the problem of regional and professional skills mismatching. Employment and labor market policies should play a more active role in tackling these problems and raising employment rates. Labor market policy must be based on the jobseeker's obligation to actively seek work and on the fact that non-compliance with the jobseeker's obligation has an effect on the unemployment benefits. Labor services must be improved and labor mobility must be supported. Public employment services must be provided efficiently and appropriately, taking into account the needs of each jobseeker.

We support the goals of establishing Välttämä Oy, but the method of implementation requires changes so that it does not distort the labor markets. The provision of services should be limited to areas where there is no private or public provision of services. In addition, measures should be limited to the groups with the most serious employment difficulties, so that it does not distort competition.

For people with disabilities, the use of wage subsidies is justified to support employment in the open labor market. However, wage subsidies must not be used in a way that distorts competition and must be limited to measures that support the employment of the disabled persons with the most severe employment difficulties.