Vocational Rehabilitation in Norway
Official Paper

Ministry of Labour and Social Inclusion

The purpose of this paper is to serve as an introductory background for the Peer Review meeting on Vocational rehabilitation in Oslo 15-16 September 2008. An independent expert host country paper supplements this paper. 14

1. Summary

Main priorities and challenges

The labour market in Norway is characterized by high labour force participation, low unemployment and active and comprehensive labour market policies and rehabilitation policies. At the same time a high share of the population in working age is found on the margin of the labour market on intermediate or permanent basis due to sickness, disability and rehabilitation. Several policy developments and reforms are concerned with these challenges.

Present employment and rehabilitation strategies and measures

The rehabilitation system in Norway is based on three main approaches:
- Inclusive workplaces: Prevention and rehabilitation at the workplace;
- Vocational rehabilitation for job seekers;
- Medical rehabilitation for persons with long term sickness and disabilities.

The labour market programmes aim at all job-seekers who have problems of gaining a foothold in the labour market. Priority is given to the vocationally disabled persons and more vulnerable groups on the labour market.

The vocational and medical rehabilitation consists of a wide range of programmes, measures and providers. Education and job training in ordinary education institutions and enterprises are the first priorities. Sheltered employment and job training also play an important role. The sheltered work consists of a broad variety of job training and jobs. The various programmes and measures are often provided in a partial and sequential way. “First medical treatment, then job training and then work” could serve as a simplified characteristic.

Norway invests quite a lot of resources on active labour market and rehabilitation measures. The outcomes and effects are positive. A question is if they might be even more effective and cost-effective.

14 Ines Hardoy: Vocational rehabilitation – work qualifications and work practice. 13.08.2008
Ongoing development and reforms

Current reforms aim at reducing the sharp distinction between ordinary job seekers and vocationally and/or medically disabled persons as allocation criteria for different labour market and rehabilitation programmes. A more inclusive workplaces approach has priority. Better coordination of programmes, providers and measures are aimed for.

- Inclusive workplaces (IW) – a tripartite cooperation.
  The IW agreements for 2001-2005 and 2006-2009 aim at reduced sickness absence, increased employment of disabled persons and increased real retirement age. The agreement has been renewed despite of meagre results on the macro the level. On the local and enterprise level there are examples of good performances and results. Better preventive efforts and closer following-up on sickness leave have been introduced so far.

- A new, merged Employment and Welfare Administration (NAV).
  In order to make better and more work-oriented and effective coordination of measures, benefits, services and administrative efforts, the Public Employment Services (PES), the National Insurance Administration (NIA) and the municipal Social Assistance Offices are now being merged to form the new Employment and Welfare Administration (NAV). The reform has been implemented on central level, and is gradually being established in all the (434) municipalities and the (19) counties during the years 2006-2009.

- Work, welfare and labour inclusion reforms.
  These ongoing reforms are aimed at better coordination and effectiveness of programmes and measures. The main strategies are:
  - Preventive and facilitative measures and closer following-up sickness leave at the workplaces (IW);
  - New and better coordinated vocational measures for individuals;
  - Reformed intermediate income security within the National Insurance Scheme (NIS);
  - A new qualification programme and –benefit outside the NIS;
  - Supplementary measures aimed at labour market inclusion and poverty prevention for disabled persons and for immigrant population.

- Pension reforms.
  A comprehensive old age pension reform has been prepared for several years. Like in other countries, this reform aims at a more economic sustainable and transparent old age pension system for the future. The disability pension system will also have to be adjusted to this reform.

Some possible challenges topics for discussion

The last section in this paper outlines very briefly some examples of possible topics that could be discussed at the PR meeting in Oslo. This will of course be supplemented by both the Norwegian expert’s discussion paper and the PR participants’ comment papers. We are interested in reform experiences, good – or bad practice and outcomes from other countries.
2. Main priorities, outcomes and challenges

The Norwegian Government aims at a high level of employment, low unemployment and an inclusive labour market with possibilities for everyone who is willing and able to work. The main goals for the labour market policy are therefore to facilitate high participation in employment and good utilisation of the available workforce through ensuring a well-functioning labour market and inclusive and well-ordered workplaces. Extensive labour market and rehabilitation measures aim at contributing to high employment participation, low unemployment and combating exclusion through helping people with labour market related problems to find and keep a relevant job.

The Norwegian Employment and Welfare Administration (NAV) is responsible for implementing the labour market policy. Their objective is to facilitate matching job seekers and vacant positions in the labour market, and to insure comprehensive help and security for persons who need work-oriented assistance to find and keep employment.

The employment rates are high and unemployment is low in Norway. According to Eurostat figures, the overall employment rate in Norway in 2007 stood at 76.8 per cent for persons aged 15-64 compared to 65.4 per cent for the EU27. For men, the employment rate was 79.5 per cent in Norway and 72.5 per cent in the EU 27, whereas women had an employment rate of 74.0 per cent in Norway compared to 58.3 per cent in the EU27. Further key figures for Norway:

**Labour force participation:**
- 74.1 pct of total population 15 - 74 years
- 82.9 pct of total population 25 – 66
- 85.0 pct of men 25 – 66 years
- 77.8 pct of women 25 – 66 years

**Unemployment:**
- 2.5 pct of the total labour force 15 – 74 years (survey)
- 1.8 pct of the total labour force 15 – 74 years (registered)

These overall employment rates have been steadily increasing and the unemployment rates decreasing for several years. The employment rates among the more elderly persons are also quite high and stable: 65 pct of all persons 55-66 years old. The employment rates among disabled persons are lower: 45 pct of all self-declared disabled persons 16 – 66 years (2007). The employment rates for both the latter groups have been quite stable for several years.

On the other hand, Norway has a very high percentage of the population on the margin of the workforce due to illness or disability. Norway’s labour force counts about 2.6 million persons out of the total population of 4.8 million persons. More than 20 pct of the population in the age bracket 18-66 years are receiving social security benefits. About half of them are within the workforce, on unemployment-, sickness- or rehabilitation allowances. The other half are more permanently outside the labour market: App. 335,000 persons or 11 pct of the working age population (18 – 66 years) receive a disability pension. App. ½ million man-years are lost due to sickness absence and disability every year.

---

A steady growth in health related social security benefits takes place in spite of the fact that the overall health of the population is good and has improved. The growth reflects an ageing population, but this can not fully explain the high inflow of new disability pensioners. The costs of a productive and competitive economy and transforming work life are also a part of the explanations. The development poses a great challenge for the employment and rehabilitation policies and programmes. A range of reform policies are being developed and implemented to meet these challenges. See section 4 in this paper.

3. Present employment and rehabilitation strategies and measures

The scope of the rehabilitation field, and the measures designed to combat exclusion and obtain the political goals, are outlined in the following section.

Table 1: Number of Social security beneficiaries 2007\textsuperscript{16} (yearly total and average)

<table>
<thead>
<tr>
<th>Registered status</th>
<th>Numbers of beneficiaries</th>
<th>Per capita %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full time unemployed (with and without benefits)</td>
<td>219 000</td>
<td>7.4\textsuperscript{17}</td>
</tr>
<tr>
<td>Unemployed in labour market programmes</td>
<td>44 000</td>
<td>1.5</td>
</tr>
<tr>
<td>Vocational rehabilitation</td>
<td>125 500</td>
<td>4.2</td>
</tr>
<tr>
<td>Vocational rehabilitation in LMP</td>
<td>57 000\textsuperscript{18}</td>
<td>1.9</td>
</tr>
<tr>
<td>Medical rehabilitation benefit</td>
<td>45 000\textsuperscript{14}</td>
<td>1.5</td>
</tr>
<tr>
<td>Sickness benefit cases</td>
<td>120 000\textsuperscript{14}</td>
<td>4.0</td>
</tr>
<tr>
<td>Disability income beneficiaries</td>
<td>330 000</td>
<td>11.1</td>
</tr>
<tr>
<td>Social cash beneficiaries (main source of income)</td>
<td>55 000</td>
<td>1.8</td>
</tr>
</tbody>
</table>

The total sickness absence is approx. 7% of the total, potential man-years. Mental and musculoskeletal diseases account for the majority of the sickness benefits cases, approx 36% each, and for about 60% of the man-days lost by sickness absence. These are also the diagnoses that dominate in vocational rehabilitation and the disability recipients.

The yearly inflow of new disability beneficiaries is about 30 000 persons – that is 10 per 1 000 inhabitants 18-66 years old in 2008. Young people constitute a growing share of the new recipients, although the absolute numbers are small. Few of the disability beneficiaries return to work.

\textsuperscript{16} Figures presented by NAV from the NAV registers. The figures are approximate.
\textsuperscript{17} The numbers are yearly totals, and therefore higher than averages presented in section 2.
\textsuperscript{18} Yearly average, the remaining figures are yearly total
3.1 The Rehabilitation System

The system for vocational rehabilitation is based on three main approaches:

1) **Inclusive Workplaces** approach implies prevention and early intervention for employees with sickness and health problems. The employers have the main responsibility for securing in-house rehabilitation. Support to employers is furnished by the NAV Workplace Centres which follow up persons on sick leave and provide consultation services, but also financial support can be provided.

2) **Medical rehabilitation** is offered when a person is long term sick and need further medical treatment and rehabilitation. Most services are provided by the health services, but NAV also provides a range of benefits (health services reimbursements, rehabilitation benefits, disability benefits).

3) **Vocational rehabilitation for job seekers.** Vocational rehabilitation for job seekers is publicly financed, and the benefits and the various vocational rehabilitation measures are provided by NAV.

**Medical rehabilitation**

Medical rehabilitation is a publicly financed benefit and offered to employees on sick leave when they need additional medical treatment after they extended their sick leave period. The benefit can also be offered to the occupationally disabled without an employer. As a part of the Inclusive Workplaces Agreement several rehabilitation measures within health care services and work-oriented rehabilitation measures through NAV are implemented in order to reduce sickness absence. A considerable number of persons face medical, vocational and social problems at the same time, and need coordinated help and support. Vocational rehabilitation measures can also be offered parallel to the medical treatment while on this benefit.

**Vocational Rehabilitation for job seekers**

A person on vocational rehabilitation will normally have a history of unemployment and/or sick leave and medical treatment. If work is not resumed after one year of sick leave, and medical treatment, a person may, as mentioned, continue on medical rehabilitation for another year. Even if vocational rehabilitation may start already during the sick leave period, we find that in ¾ of the cases almost three years elapsed from the sickness period first started until the decision to grant vocational rehabilitation was reached. The average duration was 21½ months. Evaluations show that long periods on benefits before entering vocational rehabilitation, may be linked to weak outcomes. For this reason the Norwegian Government now places more emphasis on early intervention than in former years.

Recipients of the labour market programmes are all job seekers who have problems gaining a foothold in the labour market. Among these the vocationally disabled is the main target group with access to all programmes. Youngsters, disabled persons, immigrants and recipients of long term social cash benefits are examples of such target groups. The vocationally disabled are registered...
as job seekers with vocational disabilities of a medical or social nature. Job seekers with an illness or injury, for the main part certified by a medical doctor¹⁹, form the majority of this target group.

3.2 Vocational Rehabilitation Programmes and Providers

At present there are two main categories of labour market programmes. Some programmes are used by all jobseekers that need substantial help, and some programmes are reserved for jobseekers with vocational disabilities of a medical and social nature. Programmes are temporary²⁰ with the general aim to improve the participants' ability to get or keep a regular job, through work practice, training or education. To access a programme NAV has to consider it necessary and appropriate with the aim of leading to a certain occupation for the particular person.

Current mainstreaming of programmes to accommodate all jobseekers involves varying the degree of assistance and duration according to each individual’s needs. Some programme variations will probably continue to admit only persons with vocational disabilities, as we are not abolishing the medical certification requirement for accessing the most long term and resource intensive programmes. In table 2, the main groups of temporary programmes used for vocational rehabilitation are outlined.

Table 2: Vocational rehabilitation measures.
Programme groups, number of participants, duration and organisers. 2007

<table>
<thead>
<tr>
<th>Programme groups</th>
<th>Participants</th>
<th>Maximum Duration</th>
<th>Programme organisers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment Programme</td>
<td>2 000</td>
<td>3 months</td>
<td>Mainly sheltered enterprises</td>
</tr>
<tr>
<td>Training/Education Of this:</td>
<td>25 300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour Market Courses</td>
<td>1 600</td>
<td>10 months</td>
<td>Public or private schools or education/training suppliers</td>
</tr>
<tr>
<td>Ordinary Education</td>
<td>22 100</td>
<td>36 months</td>
<td>Ordinary schools/universities</td>
</tr>
<tr>
<td>Qualification in Sheltered Workshops</td>
<td>1 600</td>
<td>24 months</td>
<td>Sheltered enterprises²¹</td>
</tr>
<tr>
<td>Work Practice</td>
<td>12 100</td>
<td>20 months</td>
<td>Sheltered enterprises</td>
</tr>
<tr>
<td></td>
<td></td>
<td>36 months</td>
<td>Ordinary enterprises</td>
</tr>
<tr>
<td>Supported Employment</td>
<td>5 400</td>
<td>36 months</td>
<td>Sheltered/ordinary enterprises²²</td>
</tr>
</tbody>
</table>

¹⁹ The applicant’s personal medical doctor and/or a specialist within the actual medical discipline normally prepare the documentation.

²⁰ An exception is the Permanently Sheltered Employment with no duration limit for persons receiving a disability pension. The programme is catering mainly to persons with mental disabilities.

²¹ In the Norwegian sheltered work sector there are two categories of enterprises with somewhat different portfolios: Vocational Rehabilitation Enterprises (Arbeidsmarkedsbedrifter) and Sheltered Enterprises (Vekstbedrifter). There are approximately 100 Vocational Rehabilitation Enterprises and 230 Sheltered Enterprises. An important difference between them is that the latter mainly supply Permanent Sheltered Employment for disability pensioners, and to a great extent cater to the mentally disabled, while the former mainly supply temporary programmes. In this paper we use "sheltered enterprise" without distinguishing between the two.
- **Assessment programmes**
  Assessment involves information, motivation, and guidance, systematic profiling and testing of the individual’s capacity for work. Duration is limited up to 12 weeks. The participants receive a benefit/allowance, and the operator receives a subsidy. Providers are sheltered enterprises or other providers after a tender, acting on contract with NAV.

- **Training programmes**
  Training or ordinary education is used for assisting the job seeker in becoming qualified for a vacant position. There are three different varieties:
  - Labour market courses offer vocational training, mostly in a classroom setting. The duration is up to 10 months. Originally designed for ordinary jobseekers, the courses are open for the vocationally disabled.
  - Vocationally disabled may undertake education for up to 3 years within the ordinary education system. The majority take part in college or university level education. The participant must be 26 years of age or older as not to compete with what is the normal practice for obtaining a degree or diploma. The person applies to the schools, colleges or universities like any regular prospective student.
  - Qualification in sheltered workshops will give formal vocational training towards a diploma in combination with training for work and better social abilities. Maximum duration is 2 years.

When participating in such schemes the individuals receive a benefit or allowance/subsistence benefit to cover living costs. (See paragraph 3.4.) Reimbursement for the training operators varies according to the content and costs of services provided.

- **Work experience**
  Work experience provides coached work practice combined with personal follow-up. This can take place in:
  - Ordinary enterprises: The participants perform regular tasks under supervision. Maximum duration is 3 years.
  - Sheltered enterprises: Participants with particularly uncertain vocational qualifications work under tight supervision in companies established to give people with special needs work training and improved social abilities. Maximum duration is 10 months with an option of 10 months extension.

The participants receive social security benefits, and the operators receive a subsidy.

- **Supported employment**
  The objective is integration in ordinary working life. The scheme takes place in ordinary enterprises, and offers profiling, assistance in finding a job, job coaching and follow up,

---

<table>
<thead>
<tr>
<th>Wage Subsidies</th>
<th>2 200</th>
<th>12/36 months</th>
<th>Ordinary enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheltered Employment</td>
<td>9 300</td>
<td>No limit</td>
<td>Sheltered enterprises</td>
</tr>
<tr>
<td>Other (projects)</td>
<td>1 100</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>57 400</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

22 Sheltered enterprises are programme arrangers and employ the job coaches, while the participants are placed/employed in ordinary enterprises. See short description below.
training in work related and social skills for the individual and guidance to the employer. Duration is up to 3 years. The scheme may also be used in the transition from school or institutional detention. In these cases the duration may be extended by up to 6 months. The operator receives a subsidy to cover the wages of the job coaches and other operating costs. Participants may receive a wage (with or without a subsidy), a benefit or a subsistence allowance.

- **Wage subsidies**
  The jobseeker performs regular work in ordinary enterprises, under ordinary wage and working conditions and in a full-time position. The aim is to get permanent employment with the same employer. The maximum duration is usually 1 year. In exceptional cases the duration may be 3 years. The employer receives the subsidy.

The Ministry of Labour and Social Inclusion is responsible for the legal framework and the allocation of resources for the labour market programmes. The Directorate of Employment and Welfare Administration is responsible for the implementation of the programmes. The Directorate delegates the authority for local planning and handling of programmes to the county NAV administrations. The local NAV offices consider whether labour market measures are necessary and appropriate for the job seeker, and select participants for programme places.

There are four main methods of contracting programme places:

1. **On the open labour market.** This will be the case for labour market courses and assessment places. Important open market suppliers are public and private education and training institutions and firms.

2. **In education.** Direct application from the individual to the ordinary education system. There are no school fees in public schools, colleges or universities, and NAV does not reimburse the common educational costs for these applicants.

3. **Employers.** Direct contracting of single or group programme places from employers. Finding a place may be done by the participants themselves, or by NAV caseworkers. This is the method applied for e.g. work experience or wage subsidies in a private enterprise. The provider gets a subsidy according to a set of regulations.

4. **Sheltered enterprises.** Contracting directly from the enterprises. A substantial number of programme places are contracted from such enterprises. Their programme portfolio range from assessment to permanent adapted employment (see table 2). The state subsidy consists of a fixed rate per approved programme place.

Sheltered enterprises are established with the main purpose of providing services for the vocationally disabled. They are organised as shareholder companies, with the local municipalities as the main shareholders. NGOs are also important shareholders. The enterprises are non-profit organisations and have tax exemptions. The Labour Market Authorities approve the enterprises, and they work under law and regulation given by the Ministry of Labour and Social Inclusion. NAV

---

23 This may apply to disabled persons when the capacity for work varies over shorter or longer periods.
approves in advance a certain number of places from each enterprise, acquired at a set, predetermined price. They supply temporary programme places with a great variety of content, extent of support and market orientation. They also supply permanent programmes.

3.3 Rehabilitation in practice

If considered necessary for obtaining a job, the job seeker may access more than one programme. Programme chains are often considered by NAV to be necessary and appropriate.

Several elements constitute for the total time spent in vocational rehabilitation. As seen in table 2, some programmes have a long maximum duration. The use of programme chains may also prolong the period. The real length of the rehabilitation period may vary greatly according to the needs of the individuals. Disabled job seekers terminating vocational rehabilitation in 2003 had, over a 5-6 year period, spent on averagely almost 24 months in total on a programme, in assessment and waiting for a measure. According to the data from 2003, the average time in programmes was 16 months24.

A recent OECD-report25 concludes that the main approach in Norway seems to be “first train, then place”26. Supported employment, where placing comes before training, was an exception. According to Eurostat27 statistics 23% of the expenditure on labour market measures are spent on supported employment, which is above the EU average at approximately 17%.

The OECD also refers to the data showing a certain age targeting, as “the prime-age people more often participate in general training measures, older participants are to a larger extent involved in sheltered work or work experience in sheltered enterprises”.

3.4 Benefits and allowances

Benefits and allowances are designed with the aims of economic and social security and labour market qualification and participation.

The employers are obliged to pay a wage for the first 16 days of the sickness period. Thereafter, the state pays a sickness benefit to the enterprise or directly to the individual. The employer may top the benefit in such a way that the employee receives a full wage during the sickness period. After a year, if not back to work, the person may receive a medical or vocational rehabilitation benefit.

To qualify for a vocational rehabilitation benefit the incapacitated job seeker must have an illness or incapacity certified by a medical doctor. The applicant must be willing to search for a job or to take part in a labour market programme. The job seeker can receive the rehabilitation benefit.

26 The report’s analyses are based on data from 2004, with some exceptions.
27 OECD found this taking place in 85 % of the cases.
while waiting for a programme place, during the programme or chains of programmes, and for a period after the programme while searching for a job.

The income compensation ratios are:
- Unemployment: 62.5% or 68%,\textsuperscript{28};
- Sickness (< 1 year): 100%;
- Vocational and medical rehabilitation: 66%;
- Disability pension: 50 -60% dependant on previous income.

These compensation ratios are calculated before taxation, additional benefits for children etc. and between certain minimum and maximum income levels.

Sickness or disability benefit recipients can continue to receive their benefits while taking part in a labour market programme. Job seekers qualifying for a programme for reasons of vocational rehabilitation, but who are not eligible for a vocational rehabilitation benefit, or receive other benefits, will receive a daily cash subsistence benefits while taking part in programmes.

Programme participants may also receive different kinds of allowances to wholly or partly cover expenses in connection with the programme; e.g. for caring (for children or other family members), lodging, travel, medical expenses, scholastic material and various education fees when applicable.

3.5 Resources

In 2007 The Ministry of Labour and inclusion allocated in sum 5.1 billion NOK\textsuperscript{29} for the labour market programmes\textsuperscript{30}. Of this 3.7 billion NOK (3/4) was allocated towards the particular programmes for vocationally disabled and 1.4 billion NOK (1/4) towards the regular job seekers. 80% of the resources for vocational rehabilitation programmes are allocated to sheltered workplaces.

For all vocational rehabilitation benefits and allowances the Ministry allocated almost 12 billion NOK. In sum 15.6 billion NOK was allocated to particular measures and benefits for the vocationally disabled. 3/4 of this was income compensation (daily cash subsistence benefits).

---

\textsuperscript{28} Income before taxes. Unemployed, who have received unemployment benefits for eight weeks or more, receive a supplement with regards to vacation. In these cases the compensation ratio is 68%.

\textsuperscript{29} 1 EURO = 8 NOK

\textsuperscript{30} There are hidden costs, as this amount does not include the cost of places in public education establishments, which is carried by the establishments themselves.
The fore mentioned OECD-report sums up the following on the spending on labour market measures and vocational rehabilitation, based on 2004 figures:

- The Norwegian Government spent about 1% of GDP on rehabilitation and employment measures.\(^{31}\)
- Three-quarters of all active labour market programme spending was directed towards people with disabilities.\(^{32}\)
- The cost of employment measures per person\(^{33}\) was relatively low because of the high number of people taking part in ordinary public education.

### 3.6 Outcomes

The employment rate of self-assessed disabled persons (45%) has been relatively stable since 2004.

For vocational rehabilitation the share of successful participants acquiring a job, varies over time. Based on the individuals’ reports to NAV in 2007, the transition-to-work rate was 47%.

Vocational rehabilitation is aimed at marginal groups on the labour market. A considerable number of these clients circulate between different, often mixed, medical, social and vocational schemes and programmes, very often ending up on permanent disability pension. However, recent Norwegian research has found positive effects from vocational rehabilitation programmes\(^{34}\) on employment, employment duration, and earnings. The research also shows that income generated from vocational rehabilitation programmes exceeds the operating costs\(^{35}\).

The independent expert paper by Inés Hardoy, provided for this meeting, will expand on and discuss actual outcomes at a greater length.

---

31 According to 2005 data presented by Eurostat, Norway spent approx. 1.5 % of GDP on labour market programmes, which was below the EU average at approx 2 %.

32 Data are from 2003-2004.

33 Comparing costs per person OECD corrects for differences in purchasing power.

34 The analysis is based on register data 1994-2003.


4. Ongoing development and reforms

4.1 Introduction

The labour market situation briefly described in section 2 and the vocational rehabilitation provisions are described in section 3 in this paper. The situation and challenges referred to constitutes the background for several ongoing reforms within these areas in Norway. The main reforms will be briefly described in this section. Broadly spoken we could characterise some main ideas behind the reform processes as follows:

1) Organisational reforms. The reform work is mainly oriented towards the organisational environment and basis for better and more effective labour market inclusion and rehabilitation. The reforms are oriented towards the ordinary enterprises and workplaces, towards the administration and providers of public services and benefits and towards the legal basis of services and benefit deliveries. There are no major reforms of the services and benefits provided, or their financing etc. The social security for the individuals should not be substantially changed.

2) Early intervention and closer following-up of persons who need so. Mutual clarification of individual expectations, rights and duties between the person/client, the caseworker(s) and the employers/enterprises is an important element of this.

3) Coordination of the joint efforts from the different actors, the different services and benefit providers, agencies etc involved. The idea is that the persons concerned often have a mixture of problems – and personal resources - and need a good mixture of support and help and support. The measures should often be provided more flexible but tailored and parallel at the same time, and less separate and sequential. The individual person’s own potentials and motivation and active participation are also encouraged.

4.2 Inclusive Working Life Agreement (IA Agreement)

In 2001 the government and the social partners agreed to cooperate on strengthening an active labour market policy at the workplaces for the period of 2001-2005 IA Agreement (Inclusive Working Life Agreement). The objectives of this agreement are to:

- Reduce sickness absence by at least 20% for the contractual period;
- Increase the employment of handicapped persons;
- Raise the real (average) retirement age.

Several measures are implemented in order to achieve these objectives. The IA Agreement is based on the principle that the single workplace is the main arena for achieving an inclusive labour market. Furthermore, the employer, the employee, the medical doctor and the NAV officer have joint responsibilities and should cooperate on long term sickness leave and rehabilitation. One important policy instrument has been the possibility for enterprises to enter into binding cooperation agreements with the Employment and Welfare Administration (NAV), and thus become “IA-enterprises”. The NAV Administration has established specific Work Place Centres in each county which supports the enterprises with a number of incentives and measures.
The main idea is that the agreement should be well known and accepted among all partners of the labour market and enterprises. The crucial point is the dialogue between the employer and the employee to find solutions.

The agreement was renewed in 2006 for the period 2006-2009. The outcomes on the macro level are still quite meagre, but a lot of good initiatives, performances and outcomes can be found on sector and enterprise levels.

As a consequence of the IW-declaration, changes in the sickness benefit schemes have been implemented, which strengthens the obligations of the employees, employers and the medical doctors. A closer follow-up of persons on sickness leave, by the employer, the doctor and the employment and welfare administration has been implemented:

The employer has the responsibility to set up an individual following-up plan together with the employee within 6 weeks of sick leave and to implement necessary rehabilitation activities at the latest within 8 weeks. Within 12 weeks the employers shall have arranged a dialog-meeting 1 between the employer, the employee and the doctor to evaluate the plan and to prolong or widen it, if necessary. Within 6 months the NAV officer (the sick employee’s contact person) as the responsibility to arrange a dialog-meeting 2 between the involved parts to evaluate the implementation of the following-up plan, and to set up a coordinated rehabilitation plan.

4.3. Merged Employment and Welfare Administration (NAV)

Organisational reform on coordination the Public Employment Services, the National Insurance Administration and the Social Assistance Offices

The administration of the employment and social security services in Norway was divided between three main public welfare agencies: the state agencies National Insurance Administration (NIS) and the Public Employment Services (PES), and the municipal Social Assistance Offices. As a result, coordination of these services had to cut across administrative borderlines. The services provided was criticised for being fragmented and inaccessible to clients who need to combine services from two or three agencies.

In order to make better and more labour-effective coordination of joint benefits, services and administrative efforts, the Parliament decided (2006) to merge the Public Employment Services, the National Insurance Administration and the Social Assistance Offices.

The main goals for the reform are:
- Increase the transition from benefits to work;
- Better individual- and- client-oriented administration;
- More effective employment and welfare administration.

The main elements of the welfare administration reform are:
1 Merged local employment- and welfare-offices in all municipalities, containing all employment and social insurance benefits and services.
2 Merging of the National Insurance Administration and the National Employment Service into one new central government agency.

3 The additional social cash assistance and services will still be the responsibility of municipalities, but closely coordinated within the new, local employment and welfare-offices.

A new employment and welfare administration legislation is approved, a new, National Employment and Welfare Administration has been merged, local employment and welfare offices is being gradually established during the years 2006-2009.

4.4 Work, Welfare and Inclusion reforms

In the autumn of 2006, the Government forwarded a White Paper to the Parliament on labour market inclusion policy, aimed at designing better policies towards the large and increasing number of persons at the margin of the labour market. Better, more effective and better coordinated strategies, measures and methods for the new Employment and Welfare Administration (NAV) is an important part of this.

The Parliament approved of the plan in the spring of 2007. The Ministry is now following up the plan through legislation, the yearly budgets and implementation.

The main strategies and reforms are the following:

- Preventive and facilitative measures at the workplaces (IW)
  - Close tripartite examination and development of working environment in sectors with high / increasing sickness leave and disability.
  - Better coordination between the Labour Inspection and the Employment and welfare administration.
  - Closer studies of causes and drivers of sickness leave and disability exits.

- New and better coordinated work-oriented measures for individuals
  - Broader and more flexible access to all kind of measures that the NAV disposes.
  - A new “workability” concept will be introduced for the assessment of benefits.
  - Coordinated, individual of (re)habilitation plans for persons who need so.
  - Better coordination of vocational and medical rehabilitation.
  - Better coordination of vocational rehabilitation and education.
  - Extended use of wage subsidies for persons with permanent health problems.
  - Consider moderate quota systems for higher employment of handicapped.

- Reformed income security within the National Insurance Scheme (NIS)
  - A new, merged intermediate income security allowance (rehabilitation allowance) will replace the present intermediate vocational, medical and disability income security allowances.

36 St. meld nr 9 (2006-2007) Arbeid, velferd og inkludering. Summary in english is available.
- The eligibility criteria should still be reduced earnings ability due to significant and well documented health problems. The compensation level should still be 2/3 of the previous wage level, within certain minimum and maximum benefit levels.
- Supplementary benefits, duration of benefits and better following-up measures should be considered and introduced.

-  A new qualification programme and – benefit outside the NIS
  - Aimed at job-seekers with significantly reduced work and income earning capacity for the present, and with minor work experience and/or entitled social insurance rights within the NIS. The individual person’s ambition and plan should be to get and keep a job, and the Employment and Welfare Administration should see the potential for this. The qualification programme shall basically be a full-time, qualification and work oriented activity adapted to the individual, and materialized in an individual plan of action. Participation in the qualification programme will entitle the person to a new income security benefit during the programme, and limited to two years duration.

- Supplementary measures for persons with reduced functional capacity
  - Ease the transition from school to working life through testing various policy instruments, including use of trainee jobs.
  - Carry out systematic information and knowledge campaigns aimed at employers.
  - Implement a competence development programme about disabled and work aimed at the public Employment and Welfare Administration (NAV).
  - Implement a new trainee-programme for disabled persons within the ministries and central governmental agencies.
  - Follow up a government-appointed commission's report on Equality and accessibility, through a separate anti-discrimination and accessibility legislation.

- Supplementary measures for the immigrant population (action plan)
  - Increase recruitment of persons with immigrant backgrounds to public administration and health enterprises.
  - Support entrepreneur activities among immigrants.
  - Reinforce the work focus in the introduction programme and the programme for basic competence in the Norwegian working life.
  - Develop the qualification programme "New Chance" aimed at immigrants who have not succeeded in entering the labour market after a number of years.
  - Improved Norwegian language training for asylum-seekers.
  - Better measures for including young people with immigrant backgrounds.

- Other work-related measures to combat poverty (action plan)
  - Strengthen labour market efforts to combat poverty.
  - Introduce a new programme for basic competence in working life.
  - Strengthen training in the field of criminal and aftercare services.
  - Introduction of a new qualification programme (see above).
4.8 Pension reforms

In addition to this, a comprehensive old age pension reform has been prepared for several years. Like in other countries, this reform aims at a more economic sustainable old age pension system for the future and a more transparent and as simple system as possible. Life expectancy indexing of obtained pension earnings, closer correlation between work income and pensions over the individual person’s life-span and a more flexible retirement age on actuarial principles, are main elements of the reform.

The disability pension system will also have to be adjusted to this reform. One main question is to separate the disability from both the present and the reformed old age pension system, and instead follow the same principles as proposed for the new, intermediate income security (rehabilitation allowance) within the NIS. See point 4.4 third bullet point. A reform of the future disability pension should also adapt properly to the more age flexible element of the new old age pension. A Governmentally appointed Commission has recently delivered a report and proposal about such questions. The Government will forward legislation proposals for the Parliament in 2009.

5. Some possible challenges and topics for discussion

The following brief comments should be regarded as some examples of topics that could be discussed, and that we would like to be discussed at the Peer Review. This will of course be supplemented by both the Norwegian expert’s discussion paper and the participants’ comment papers. We are interested in experiences and results from other countries.

1) Norway gives priority to an active and extensive labour market and rehabilitation policy, and spends substantial resources on this. Priorities are given to persons who might not be so very competitive on the labour market. The outcomes are high labour force participation and low unemployment at general, but at the same time high prevalence of persons on the margin of the labour market due to sickness, rehabilitation and disability. Does this seem to be a good overall approach? What is the good balance between overall policy strategies aimed at both a productive and competitive economy and transforming enterprises and work life on the other hand, and social security investments and costs on the other hand?

2) Careful studies show positive outcomes and effects of the Norwegian rehabilitation programs. But how cost effective is this approach? What is the outcome compared to the investment costs? Are there examples of different and more cost effective approaches and strategies?

3) The reforms are mainly oriented towards the organisational environment and basis for the labour market inclusion and rehabilitation efforts. No major changes in the employment benefits and social security benefits as such, nor their financing. Other countries might have more focus on the latter. What are good results and practices here?
4) A fourth characteristic might be summarised up as generally more inclusive workplace approach, earlier individual intervention, closer and better following-up, more flexible use of measures, clarification of mutual expectations, rights and duties and better coordination of measures, service providers etc. What are good practices, experiences and results along these lines? What are the main barriers, and how to defeat them?