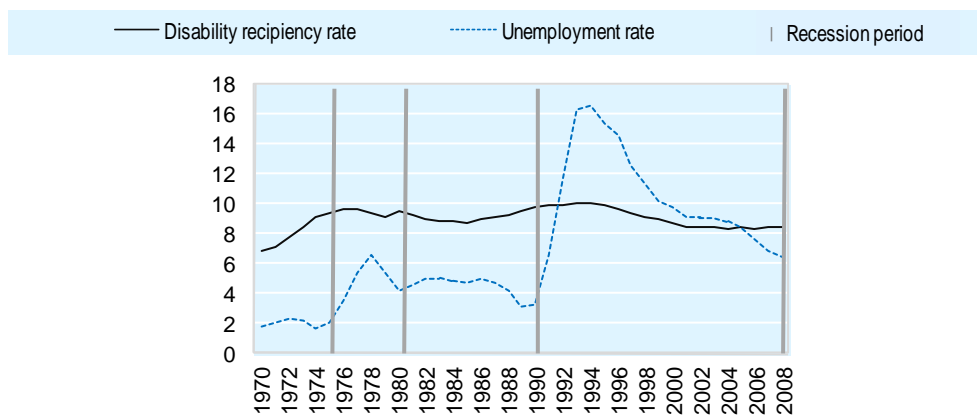


FINLAND

KEY FINDINGS

- In Finland in the 1970s and 1980s, the number of people receiving disability benefit was roughly twice those on unemployment benefit. With the crisis in the early 1990s, unemployment surpassed disability for many years. Since 2005, the number of people on disability benefits has again exceeded the number of unemployed (Figure 1).

Figure 1. Long-run trends in unemployment and disability recipiency rates in Finland, 1970-2008 (percentages)



- For decades, the number of people of working age in Finland who receive disability benefit has been above the OECD average; in 2008, 8.4 % compared to 5.7% (Figure 2).
- Older people aged 50-64 are still significantly more likely to be on disability benefit, at 18% lately (down from 28% in 1995) compared to an OECD average of around 12%.
- Public spending on sickness and disability makes up 2.9% of Finland’s total GDP, compared to an OECD average of 1.9%.
- The unemployment rate for people with chronic health problems or disability at the end of 2007 was much higher than for the OECD average, at 19.5% compared to 13.7%. And it was more than twice Finland’s unemployment rate for people without health problems (Figure 3).
- More than a fifth of people with health problems or disability live in poverty: 21.6% compared to an OECD average of 22%. This is 70% above the figure for the general population.

POLICY CHALLENGES

1. **Simplify fragmented support systems.** Too many players get involved: The PES helps jobseekers with disability, while the general and occupational healthcare systems manage those with long-term illness, and the Social Insurance Institution assists people with insufficient work history. It is often not entirely clear to the client who is supposed to manage whom.
 - Create a single entry point for people with health problems and make sure that once someone is in the system, one authority manages the case from beginning to end.
 - Reform the Act on Rehabilitation to include co-operation between the various authorities as well as participation requirements for clients.

2. **Avoid disability benefit being used as an early retirement substitute.** Every second new disability benefit recipient is older than 55, which demonstrates the continued use of the disability benefit scheme as an early retirement instrument, more than elsewhere.
 - Put a stronger focus in determining benefit entitlements on people's remaining work capacity and use the same assessment criterion for all, including for older workers and public sector employees.
 - Introduce conditionality for people with partially-reduced work capacity who should have to remain available for the labour market, in line with their capacity.
3. **Increase the focus of the PES on people with disability.** Fighting the high rate of unemployment, for a long time and still today little attention was given by the PES to unemployed people with health problems or disability. Recipients of a partial disability benefit and long-term sick unemployed, for example, would generally have difficulties in accessing services offered by the PES.

Figure 2. **Disability benefit recipiency rates in 2008, Finland in comparison with 30 other OECD countries, plus OECD average (percentages)**

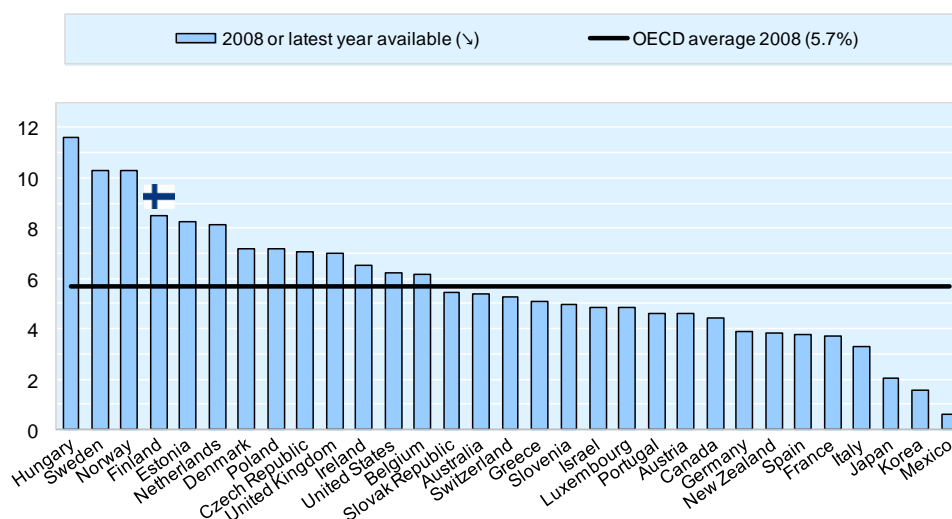


Figure 3. **Selected key labour market indicators by disability status, around 2007 i.e. before the recent economic downturn, Finland and OECD averages (percentages)**

