2022

# Supporting economically inactive persons with disabilities on to the labour market

# Supporting economically inactive persons with disabilities on to the labour market



Co-funded by the European Union

# Contents





Co-funded by the European Union

Co-funded by the European Union

# Acknowledgements

This is a report of the European Association of Service providers for Persons with Disabilities (EASPD) subcontracted to the Budapest Institute for Policy Analysis.

Authors: Judit Krekó, PhD, senior researcher

Ágota Scharle, PhD, senior researcher

Judit Berei, research assistant

Graphs: Budapest Institute

Layout: Budapest Institute

EASPD wishes to thank all those who contributed to the development of this report.

Brussels, March 2022



This report was written with the financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). This publication reflects the view only of the author and the Commission cannot be held responsible for any use which may be made of the information contained therein.

## Executive sumary

Based on desk research and the analysis of data from the EU SILC survey, this study describes recent trends in the labour market participation of people with disabilities, focusing specifically on inactive people and the barriers that may hinder their labour market inclusion. The lessons and recommendations of the study may contribute to discussions about the implementation of the "Union of Equality Strategy for the Rights of Persons with Disabilities 2021-2030," published by the European Commission in March 2021.

The labour market inclusion of people with disabilities has received increasing attention by the European Union (EU), and several Member States have introduced measures to support this aim. However, the actual labour market situation of people with disabilities has improved only slightly, despite steady economic growth until 2019. The recent economic downturn has disrupted the growth of labour demand in most countries but has also boosted new work arrangements and expanded the use of telework, which may present new opportunities for people constrained in their mobility.

### The incidence of disability has not declined in the working age population

The share of people with disabilities in the working age population is around 17 % and has not changed markedly between 2010 and 2019, while the share of people with severe disabilities declined from around to 5% to just over 4% by 2019. There is large cross-country variation behind this overall trend. In most countries, the incidence of disability decreased to (or remained at) a manageable level, however, in some countries the share of people with disabilities was over 20 % already in 2010 and increased markedly during the past decade.

### Inactivity is high and has not improved much among people with disabilities

The labour market participation of people with disabilities improved modestly from 2010 to 2019. Corresponding to a slight increase in the employment rate, the share of those not employed and not looking for work declined from 43% to 38% and the share of those looking for work also decreased slightly, though with considerable cross-country variation.

The employment gap between the non-disabled population and people with disabilities has remained large, despite the sustained growth of employment between 2011 and 2019, and the improving educational composition of the population with disabilities. In countries with strong economic growth and increasing labour demand, employment rates tend to be high both for the non-disabled population and for people with disabilities. However, the relative employment rate varies widely (between 55 and 90%) across Europe, even after adjusting for the composition of the population with disabilities, which suggests that disability policies also play an important role.


Co-funded by the European Union

## Inactive people with disabilities face multiple barriers to returning to work

Barriers to labour market access include factors affecting the demand and the supply side and also the lack of services that could support the matching of demand and supply of labour.

The analysis of the composition of inactive people with disabilities suggests that supply side barriers are strong. Beside their health condition, over 40% of the inactive population with disabilities have a low level of education and 94 % are either aged over 54, and/or have been out of work for over a year. Prolonged unemployment tends to lower self-esteem, leading to anxiety and self-doubt or helplessness, further reducing chances of reemployment.

Benefit recipient status strongly correlates with inactivity, however, the causality is not clear, as those who have a lower chance to participate in the labor market are more likely to qualify for some disability benefit.

The limited accessibility of mainstream public services such as healthcare, education or public transport, and more recently, of Internet access may also impose very strong barriers to work.

Concerning the demand side, there are several reasons why employers may be less inclined to hire people with disabilities. These may include discrimination based on prejudice, or based on the (often inaccurate) perception of the average productivity of people with disabilities, (mis)perceptions of the attitudes of clients or team members at the workplace or of the costs of adapting workplaces and lack of information on available state subsidies. There may also be indirect discrimination, where existing hiring practices and procedures unintendedly disadvantage applicants with a disability.

## Well-designed policies can significantly increase the labour market integration of people with disabilities

Though there is a distinct tendency across Europe to increase the effectiveness of disability policies, there is considerable room for further improvement in most countries.

Existing evidence as well as the analysis of countries where the disability employment gap is small, show that the goals of income security and labour market inclusion can be reconciled by carefully designed, well-targeted and flexible policies. Targeting ensures that benefits are accessible to all those, and mostly those in need. This depends on the transparency of disability assessment systems that minimizes subjectivity, a broad approach in vocational assessment that considers all employment options, regular health checks during sickness and benefit receipt and a limited use of permanent benefits. Flexibility ensures that benefits and work can be combined and moving between inactivity and work is not heavily taxed by the immediate and full withdrawal of benefits.

The early timing of employment rehabilitation (starting already during sick leave) and the quality of rehabilitation services is also crucial to increasing labour market participation. Intensive counselling and personalised supported employment programmes are particularly



Co-funded by the European Union

effective. There is also evidence of the positive, though not always large impact of quota systems and wage subsidies.

Public employment services play a central role in supporting the labour market integration of persons with disabilities, but their services are limited in their range and capacity. NGOs could complement their limited capacities especially in providing flexible, personalised and specialised services, both to assist daily activities and in employment rehabilitation. Cooperation with NGOs may take several forms and can be linked to quality assurance arrangements.

### National governments should provide more and better coordinated support

The study makes detailed recommendations to national governments, which bear the main responsibility for disability policies. To effectively support the labour market inclusion of people with disabilities, several policy areas need to be harmonised. Key aspects of coordination are to ensure early access to (and sufficient motivation for) rehabilitation services, and to allow for the flexible combination of benefit receipt and paid employment. EU Member States should also improve monitoring systems so that they can forecast needs, monitor take-up of services and tackle inefficiencies.

When activation measures are tightened, capacities in employment rehabilitation should be expanded to meet the increasing need, especially in person-centred rehabilitation services. To that end, governments should provide stable funding to NGO providers. There is a need for measures to prevent in-work poverty and ensure adequate income support for periods of unemployment or inactivity.

Public education and adult training systems should make more effort to reduce the digital divide and make training available to people with any form of disability. Inactive people with disabilities also need high quality, accessible and affordable social services that support independent living and social inclusion. More efforts are needed to reduce mobility barriers by improving the accessibility of public transport and buildings.

On the demand side, PES should be more active in raising awareness about employer discrimination. Public organisations should take the lead in implementing diversity policies in their own human resource management.

### The EU can provide support, guidelines and technical assistance

The study makes recommendations concerning the regular review of national policies of Member States concerning labour market inclusion, the development of detailed guidelines on effective measures, the encouragement of randomised control trials in the evaluation of national policies and an upgrade of data-collection requirements in ESF funded projects.


Co-funded by the European Union

Further recommendations call for opening direct channels of funding for non-profit service providers to support the development of capacities and efforts to collect comparable data on skills, living standards, mobility, and employment of people with disabilities.



Co-funded by the European Union

# Introduction

The labour market inclusion of people with disabilities has received increasing attention by the European Union (EU), and several Member States have introduced measures to support this aim. However, the actual labour market situation of people with disabilities has improved only slightly, despite steady economic growth between 2012 and 2019. The recent economic downturn induced by the COVID 19 pandemic has disrupted the growth of labour demand in most countries, but has also boosted new work arrangements and expanded the use of telework, which may present new opportunities for people constrained in their mobility.

The purpose of this study is to describe recent trends in the labour market participation of people with disabilities, focusing specifically on describing the composition of inactive people and the barriers that may hinder their labour market inclusion. The study also reviews national policies across the EU that may affect the labour market (re)integration of people with disabilities. The lessons and recommendations of the study aim to contribute to discussions about the implementation of the "Union of Equality Strategy for the Rights of Persons with Disabilities 2021-2030," published by the European Commission in March 2021.

## Labour market participation of people with disabilities

In 2019, the share of people with disabilities within the working age population (16-64) was 16% in the European Union (EU), but varied widely between 8 % in Malta and 28 % in Latvia. Excluding the youngest (to remove variation due to participation in higher education), 48.5 % of those aged 20 to 64 was not working, highest at 67 % in Greece and lowest at 35% in Estonia.[1] The employment gap between the non-disabled population and those with disabilities averaged 24 % in the EU.

Unemployment rates are also consistently higher among people with disabilities. In 2018, about 10.1 % of the working age population in the EU27 were looking for work, as compared to 18.6% among people with disabilities. Again considering those aged 20 to 64, 37.4 % of people with disabilities were not employed and not looking for work in 2018, while the share of the economically inactive was less than half of that (17.8%) in the non-disabled population (EDE 2020).

People with disabilities face more difficulty in finding employment and are therefore more likely to become long-term unemployed or inactive and are more likely to face poverty and material deprivation (Eurostat 2021). While most of them are able to work, they often need additional support and the coordinated provision of employment, health and welfare services to be able to stay or return to the labour market.

[1] Authors' calculations based on SILC 2019.


Co-funded by the European Union

## Explanations for cross country variation in disability and employment trends

There is large variation across the EU in both the prevalence of disability and the labour market participation of people with disabilities. Though demographic factors also play some role,[2] these alone cannot explain the above threefold cross-country difference in the *incidence of disabilities*. Economic cycles and, most of all structural changes in labour supply and labour demand appear more influential than demographic factors (OECD 2010). For example, the sudden rise of disability benefit expenditure in the 1970s and 1990s was itself a response to changes in the labour market and welfare systems. The underlying cause was a decline and structural shift in labour demand towards skilled workers and a subsequent rise in long-term unemployment. Abrupt structural shifts during the transition to market economy had a similar impact on disability claims in many Central and Eastern European countries in the early 1990s (Csillag et al 2014).[3] More recently, as governments have curbed spending on unemployment benefits, disability benefits have become a benefit of last resort for the long-term unemployed or inactive population (Scharle 2013).

The *employment gap* between people with disabilities and those without is also determined by demographic and economic factors, as well as national welfare and employment policies. Earlier research has shown that the employment rate of disabled persons is closely correlated with, but significantly lower than total employment. Participation tends to be somewhat higher among men, younger age groups and those with higher educational attainment (Csillag et al 2014, EDE 2020). Some of the employment gap can be clearly attributed to the lower educational attainment and older average age of the population with disabilities (Csillag et al 2014, Eurostat 2015, and Jones 2016).[4] The remaining gap is less easy to account for as it is determined by the interplay of several factors, some of which cannot be directly measured. These may include general characteristics of the labour market (such as opportunities for part time work, telework, or self-employment), discrimination by employers, the design of sickness and disability benefits (level and accessibility, options for combining benefit receipt with work), and policies that facilitate return to work (Vornholt et al 2018).

[2] Differences in health status have a small role in explaining cross-country variation in the level or time trend in the incidence of disability claims (OECD 2010). Some of the variation is due to cross-country differences in medical practices, perceptions and institutional features (Scharle 2013; Jones 2016). Csillag et al (2014) show that ageing differtials also explain some of the variation in the disability employment gap between 2002 and 2011.

[3] During the 1990s, many workers were offered permanent disability benefits as opposed to unemployment as a route to exiting the labour force. These policies took time to consolidate as economies recovered, and continued to reduce labour market participation until early retirees reached the standard retirement age.

[4] On average, people with disabilities are older. It should be noted that a *change* in the age-composition of disabled persons can be a result of long term demographic trends, changes in the health status of the population or in the rules determining access to disability pensions as well.


Co-funded by the European Union

## Effectiveness of disability policies

Compared to the literature on mainstream active labour market policies (ALMP), counterfactual evidence on the effectiveness of disability policies is relatively scarce, though has expanded rapidly in recent years. Several studies focus on the potential negative labour

supply effect of sickness or disability benefits, and most these studies find significant impacts (Autor et al 2019; Gruber 2000; Maestas et al 2013; Fevang et al 2013). However, linking benefit receipt to job search efforts or participation in re-integration programmes can mitigate negative labour supply effects (OECD 2015, Card et al 2018).

The exact design of sickness and disability benefits (e.g. in terms level, entitlement conditions, permanence) also matters. Lower replacement rates, earlier and more frequent visits to the rehabilitation counsellor, and more independent medical assessment procedures prevent the prolongation of sick leave (beyond the time required for the recovery of health) and help maintain motivation for work (Bound and Burkhauser 1999). Partial benefits or generous disregards that allow combining work with benefit receipt also increase the likelihood of reemployment (Kostol and Mogstad 2014). Converting part of the income support into an in-work benefit[5] was also found to have positive effects (Koning and van Sonsbeek 2016).

Training and rehabilitation services and intensive counselling have also been found to have positive effects on reemployment (Høgelund and Pedersen 2002, Descy and Tessaring 2007; Meager and Hill 2006; Bewley et al 2007; Adamecz-Völgyi et al 2018). Early rehabilitation (i.e. already during sick leave) has been found to be particularly effective (Rehwald et al 2015). Compared to financial incentives, the evidence on the impact of these measures is less clear cut (c.f. Aakvik 2003). This is at least partly due to the complexity of these measures, which increases the risk of inefficient design or faulty implementation. This complexity also limits cross country comparisons of evaluations, given the considerable differences in the exact design and quality of training and rehabilitation measures.

The mounting evidence on the effectiveness of IPS, a complex rehabilitation method, is an exception, as the details of the approach are well documented and the certification system for IPS users reduces the risk of low quality implementation. The Individual Placement and Support method (IPS), originated in the USA but is widely used in the Netherlands and the UK and has been introduced in several other European countries as well (including Italy, Spain, Belgium, Czech Republic, Denmark, France, Germany, Iceland, Ireland, Norway, Sweden and Switzerland) (Brinchmann et al 2020, van Weeghel et al 2020). In Europe, the first large-scale test compared the effectiveness of IPS to standard vocational rehabilitation services starting in 2003, with positive outcomes (Burns et al 2007). The IPS approach was extended to persons with common mental disorders (anxiety and/or depression) in a Norwegian pilot in 2011 (Reme et al 2015).

There is also growing evidence of the positive, though not always large impact of quota systems (Lalive et al 2009, Malo and Pagan 2014, Krekó 2019) and wage subsidies (Clayton et al 2011, Datta-Gupta et al 2015).

[5] E.g. a Dutch reform in 2006, in which the partial disability benefit (for those with substantial remaining work capacity of 20-65 %) was split into two phases, and in the second one recipients would receive a lower, flat rate benefit, complemented with an in-work benefit, if they get back to work.


Co-funded by the European Union

### Outline of this study

The next section briefly reviews available data sources. Next, we turn to describing the labour market participation of people with disabilities, focusing especially on barriers to labour market inclusion and the composition of those not employed and not looking for work. This is followed by a review of policies that may influence labour market inclusion. The last section outlines recommendations for EU level policy making. Further details and six country case studies are included in the Appendix.

The study relies mainly on the review of the existing literature and the secondary analysis available survey data, supplemented by a few well-targeted interviews.

## Overview of data sources

This section briefly outlines the difficulties of measuring disability and the limitations of available data sources.

### Comparing labour market participation across countries

The term "disability" does not have a single, widely accepted definition, which poses challenges to cross-country analysis of labour market situation of people with disabilities. Harmonised international household surveys using unified questions about limitations in activity, work or permanent health problems seem more suitable than administrative data for international comparison. This is because the regulation of disability benefits, financial incentives and other disability policies varies greatly across countries, hence the administrative definitions of disability can differ significantly.

However, surveys also have limitations. In household surveys it is the self-declaration of respondents that determine who has disability or reduced work capacity, which induces subjective elements that might vary between individuals and even countries. For example, choice in indicating a given condition as "moderate" or "severe" differs from one person and culture to another and it also changes over time (Kreider and Pepper 2007). The way of formulating the question may also influence the answer.[6] The answer may also depend on the fact whether the respondent receives a disability benefit: recipients tend to exaggerate their condition in order to justify their entitlement to the benefit. Consequently, entitlement conditions may also affect self-assessment on reduced work capacity (Banks et al 2004). Kapteyn et al (2011) also finds that the generosity of earnings replacement schemes and employment protection in different countries influences opinions about what constitutes a health related work limitation.

[6] For example, according to Kapteyn et al (2007), when responding to general questions, the incidence of disability within the total population is higher in the Netherlands than in the United States but the difference is considerably smaller if respondents have to assess themselves in relation to particular conditions.


Co-funded by the European Union

Finally, some studies report that people not in employment are more likely to think of themselves as having a long-term illness, in this way providing an explanation for the lack of a job – this is termed justification bias (Black et al 2017). However, for the US, Benítez-Silva et al (2004) finds that the individuals' evaluation of their disability is on average the same as the SSA evaluation of that disability. Using a vignette approach, Kapteyn et al (2011) finds that justification bias plays a role in the US, but not in the EU.

Despite all these concerns and potential sources of bias, most studies come to the conclusion that available European surveys can be used for assessing the employment situation of people with disabilities, but with caution and the best solution is to rely on multiple sources.

## European surveys including information on disability

There are three major household surveys of the working-age population that can be used for the comparison of EU countries: the Labour Force Survey (LFS), the Survey on Income and Living Conditions (SILC) and the European Social Survey (ESS) (for a summary of the three databases see Table 1). The LFS directly asks about long lasting health impairments causing *work limitations* (in hours or type of work or getting to the workplace).

The ESS and the SILC ask more generally about being limited in their everyday activities by a permanent health problem. However, the latest year available from LFS is 2011, hence we assess the recent trends based on the EU-SILC and the ESS, and make a basic comparison of between the two (further detail provided in the Appendix).

*Table 1: European harmonised surveys containing questions on disability*

| Name | Focus | Questions on disability | Years |
|---|---|---|---|
| EU Survey on Income and Living Conditions (EU-SILC), Eurostat | Poverty | "For at least the past 6 months, to what extent have you been limited because of a health problem in activities people usually do? Would you say you have been …"severely limited / limited but not severely or / not limited at all?" | 2004-2019, yearly |
| European Social Survey (ESS) | Attitudes | 1. Are you hampered in your daily activities in any way by any longstanding illness, or disability, infirmity or mental health problem? If yes, is that a lot or to some extent?<br>2. On what grounds is your group discriminated against? (2. disability) | 2002-2018, every two years |
| Ad-hoc module in EU-Labour Force Survey, Eurostat | Labour market participation | "According to the European Statistical System:<br>1. Do you have difficulties in carrying out basic activities (seeing, hearing, etc.)<br>2. Do you have limitation in work caused by health problems and/or difficulties in basic activities for at least the past 6 months? | 2002, 2011 |


Co-funded by the European Union

SILC statistics on disabled employment tend to be above LFS based statistics, for two reasons: the SILC definition of long-term illness and disability is somewhat broader (and hence captures a group that includes a higher share of people with mild forms of disability) and the published statistics of employment are based on self-proclaimed status, rather than the ILO definition[7] used in the LFS. Employment rates computed from ESS and SILC are similar.

However, despite all validity and comparability issues, the ranking of countries based on the disability employment gap is very similar across the three surveys.[8] Geiger et al (2017) argue that ESS survey is more reliable for cross-country comparison, as it suffers less from comparability issues than EU-SILC and the LFS as it uses more consistent wording, response mode and limits the use of proxies across countries. However, the LFS and SILC has much larger sample sizes (6-30 thousand per year per country) than ESS (1.500-3 thousand per country), which make them better suited for the detailed analysis of the composition of the population with disabilities (for further details, see Appendix). Thus, for most of the analysis in this study, we will rely on SILC.

## Labour market participation of people with disabilities

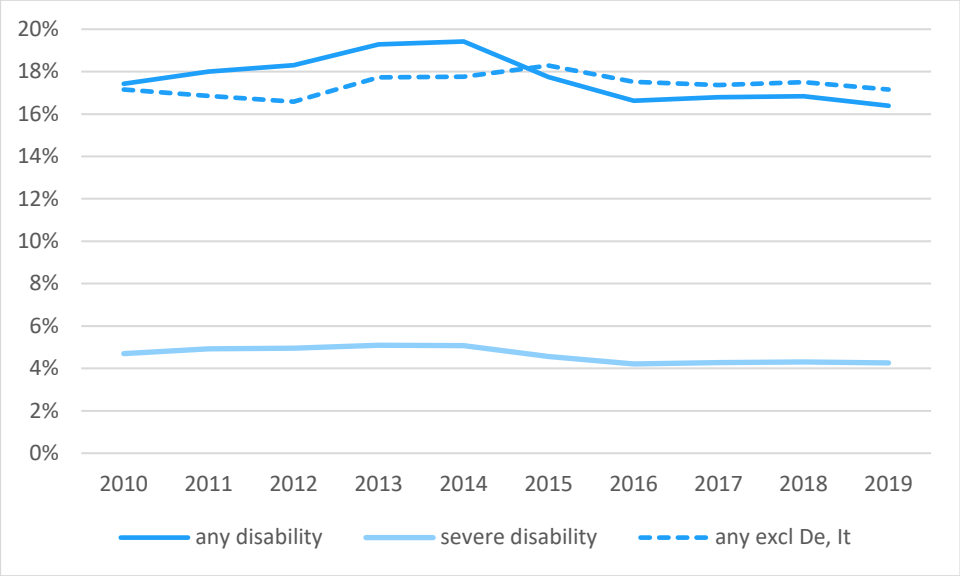
### Incidence of disability in the working age population

Overall, the share of people with disabilities in the working age population has not changed markedly between 2010 and 2019. Figure 1 shows that around 17 % of the working age population has some disability. A notable decline between 2014 and 2016 is mainly due to a drop in the indicator in Germany (in 2015) and in Italy (in 2016), which was most likely due to a change in the survey methodology.[9] The share of people with severe disabilities declined from around to 5% to just over 4% by 2019.

[7] This is based on whether the respondent performed at least 1 hour of work for financial or in-kind remuneration.
[8] There are a few countries (e.g. Ireland and Denmark) that perform badly in EU-SILC or LFS but perform better in ESS (see Geiger et al, 2017).
[9] In Germany, the 2014 survey asked about limitation in work, while from 2015, the question referred to limitation in daily activities. The incidence of disability shows a mild increasing trend both before and after this methodological change (for 2010-2014 and 2015-2019).


Co-funded by the European Union

*Figure 1 Time trend in the share of people with disabilities in the working age population*

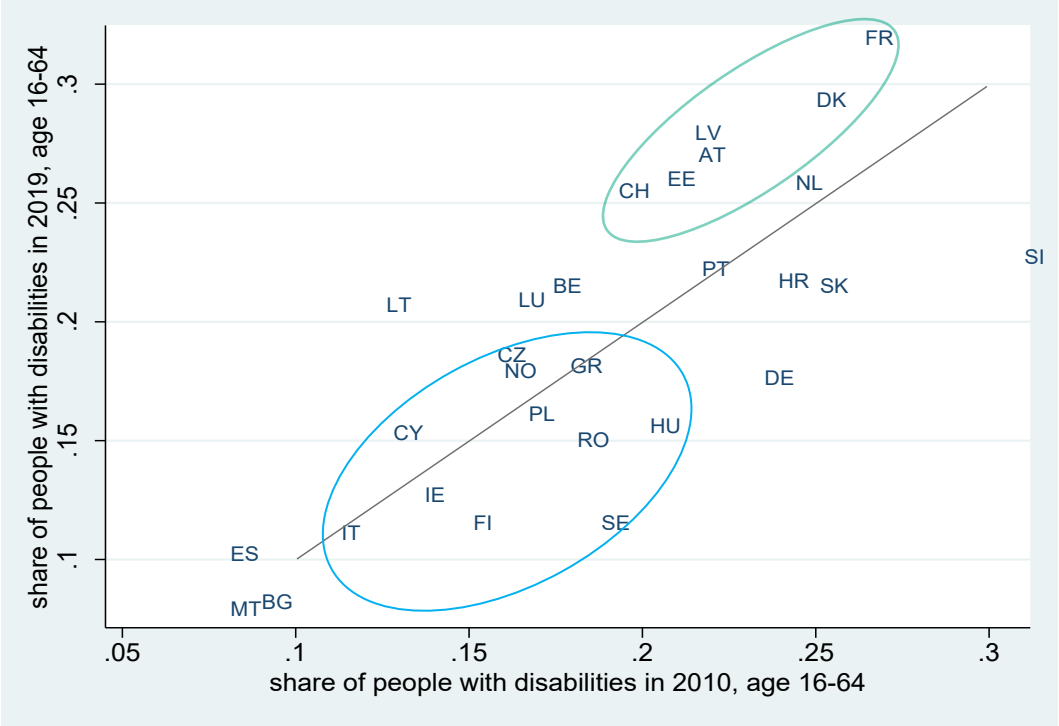



Source: Authors' calculation based on EU SILC, age 16-64 for 29 countries (EU27, Norway, and Switzerland).

There is large cross-country variation behind this overall trend of modest change. In some countries (Austria, Denmark, Estonia, Latvia, France and Switzerland) the share of people with disabilities was over 20 % already in 2010 and increased markedly during the past decade (Figure 2). In some countries where the initial level of this indicator was very high in 2010, we observe a considerable decline by 2019 (as in Croatia, Hungary, Slovenia, and Slovakia). In a few countries, the high incidence of disability is a relatively recent phenomenon (Belgium, Luxembourg, and Latvia). At the same time, in 10 countries, the share of people with disabilities decreased to (or remained at) a more manageable level of between 10-18%, and in three countries it stayed even below that.


Co-funded by the European Union

*Figure 2 Cross-country variation in the share of people with disabilities in the working age population, in 2010 and 2019*

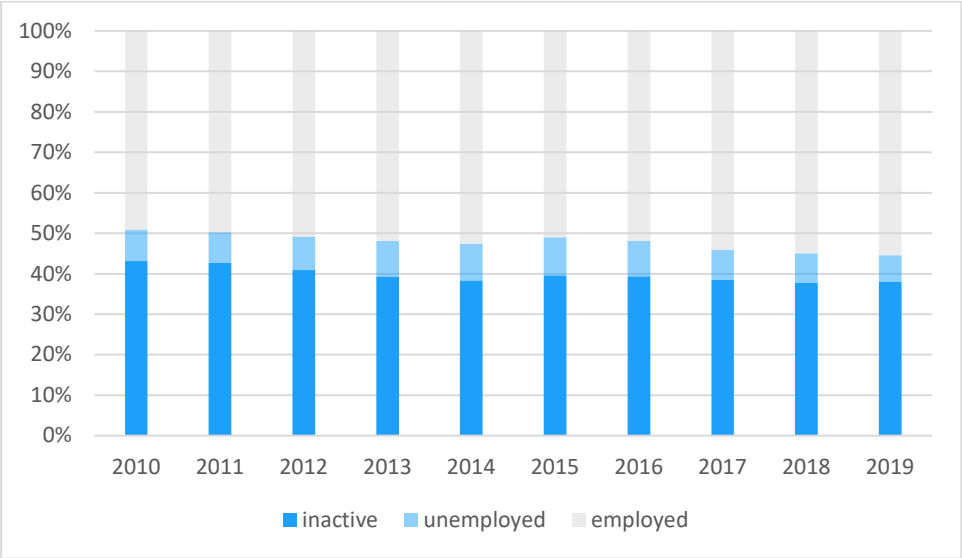



Source: Authors' calculation based on EU SILC, age 16-64 for 29 countries (EU27, Norway, and Switzerland).

The labour market participation of people with disabilities improved modestly from 2010 to 2019 (Figure 3), though with considerable cross-country variation (Figure 4). Corresponding to a rise in the employment rate, the share of those not employed and not looking for work declined from 43% to 38% and the share of those looking for work also decreased (from 7.8% to 6.6%).


Co-funded by the European Union

*Figure 3 Time trend in the labour market inclusion of people with disabilities, 2010-2019*

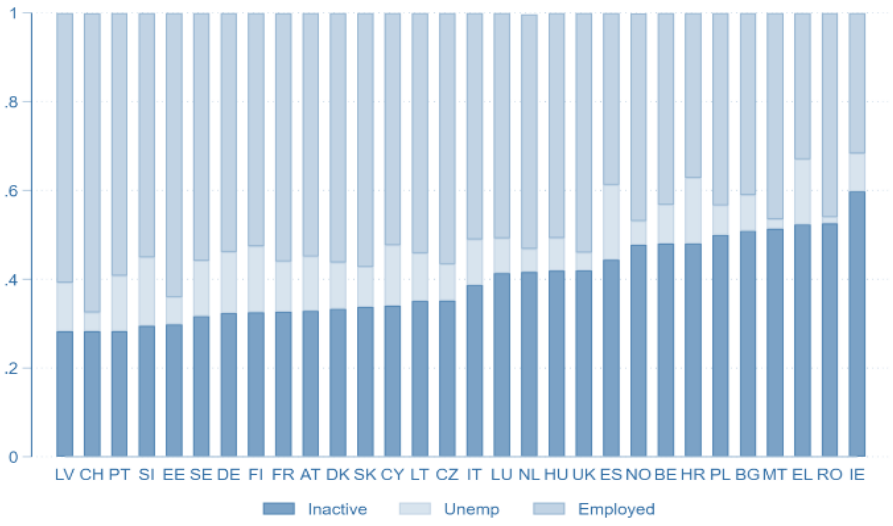



Source: Authors' calculation based on EU SILC, age 16-64 for 29 countries (EU27, Norway, and Switzerland). Includes people with any (mild or severe) disabilities.

As Figure 4 shows, the majority on non-employed disabled individuals are inactive. The share of those actively looking for work is smaller among non-employed people with limitations: the share of the inactive ranges between 25 and 65% among those with some limitation in daily activities and between 45 and 82% among those with severe limitations, which is well below the respective rates observed in the non-disabled population (20-35%).

*Figure 4: Activity status of people with disabilities in 2019*

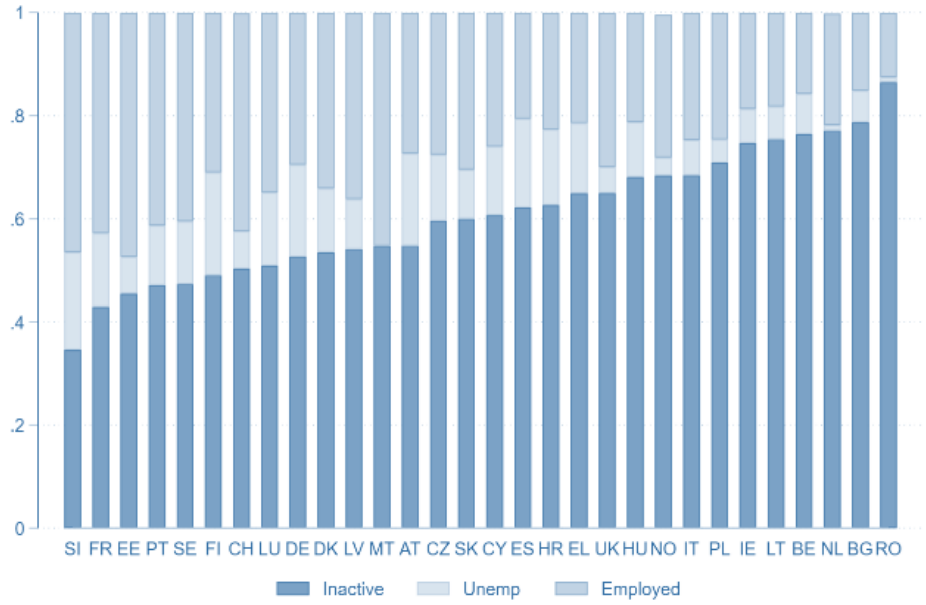
a) any limitation





Co-funded by the European Union

b) severe limitations




Notes: 16-64 year-old population. For the UK, data are for 2018. Source: Authors' calculation using EU-SILC, Eurostat.

The policy challenge is the greatest in countries where the high incidence of disability is coupled with a high inactivity rate among people with disabilities. As Table 2 shows, several countries (marked with a grey background) have a relatively high share of people with disabilities in the working age population, and this share increased between 2016 and 2019. This trend is especially worrisome in four of these countries (Belgium, Latvia, Norway and the UK), where the inactivity rate is also above the EU average.

*Table 2 Level and change in the share of people with disabilities in the working age population and the disability employment gap in 2012-2016*

| Level in 2016-2019 | Share of working age population with disabilities between 2016 and 2019 | | Inactivity rate at or above average* |
|---|---|---|---|
| | stable or decreasing | increasing | |
| above 20 % | At, Ch, Dk, Hr, Nl, Sk, Si, Pt | Ch, Ee, Fi, Lv | Hr, Nl |
| between 17-20% | Fr | Be, Cz, De, Lt, No, Uk | Be, Cz, Lt, No, Uk |
| between 13-15% | Ro, Es, Hu, Ie | Cy, Pl | Ro, Es, Hu, Pl, Lt, Ie ,Pl |
| below 13% | Bg, It, Se | El, Mt | Bg, It, Mt, El |

*near the average: Cz, It, Lt, data for 2019. Source: authors' calculation based on EU-SILC.


Co-funded by the European Union

In some countries the overall increase of the population with disabilities was coupled with a rise in the share of people aged below 35: these countries include Austria, Estonia, Switzerland, Luxembourg, and especially in Croatia, Finland and Greece. The rise in the share of youth among people with disabilities was also remarkable in some other countries where the overall trend was stable or declining (namely, in Italy, the Netherlands, Romania, Sweden, and the UK). This is a controversial development in that it signals a problem in the health of younger generations, but may also facilitate labour market integration efforts, to the extent that these young people have better skills and may be easier to motivate than their peers close to retirement age.

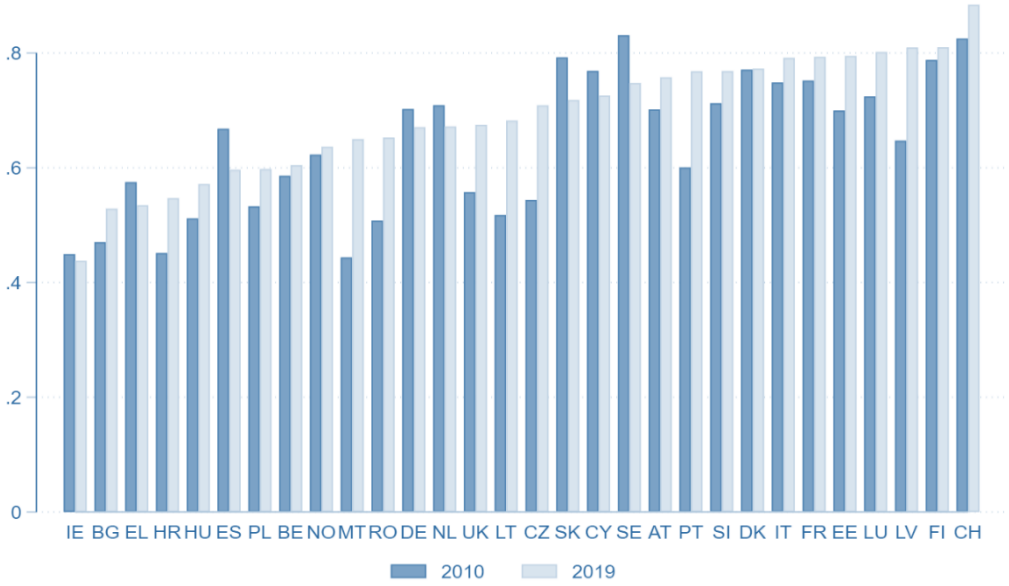
Level of labour market participation - overviewThe labour market participation of people with disabilities depends not only on their employability but also on general labour market trends. In countries with strong economic growth and increasing labour demand, employment rates (the share of those working within the working-age population) tend to be high both for the non-disabled population and for people with disabilities. This factor can be captured by comparing the participation rates of the two subpopulations.[10]

The disability employment gap (the ratio of the employment rates of the non-disabled population and people with disabilities) varies widely across Europe. As Figure 5 shows, the relative employment rate was highest in Finland and Switzerland, and lowest in Ireland in 2019. In most countries the gap remained stable or decreased during the economic upturn, except in Cyprus, Greece, the Netherlands, Spain, Germany, Sweden, and Slovakia.

[10] As this is traditionally computed on employment rates [employed/(employed+unemployed+inactive] and not on inactivity rates [inactive/(employed+unemployed+inactive)], in this section we use employment rates and compute employment gaps. The cross-country variation in inactivity gaps is very similar (as the inactivity rate is almost the reverse of the employment rate, except where unemployment is very high).


Co-funded by the European Union

*Figure 5. Relative employment rate of people with disabilities by country, in 2010 and 2019*



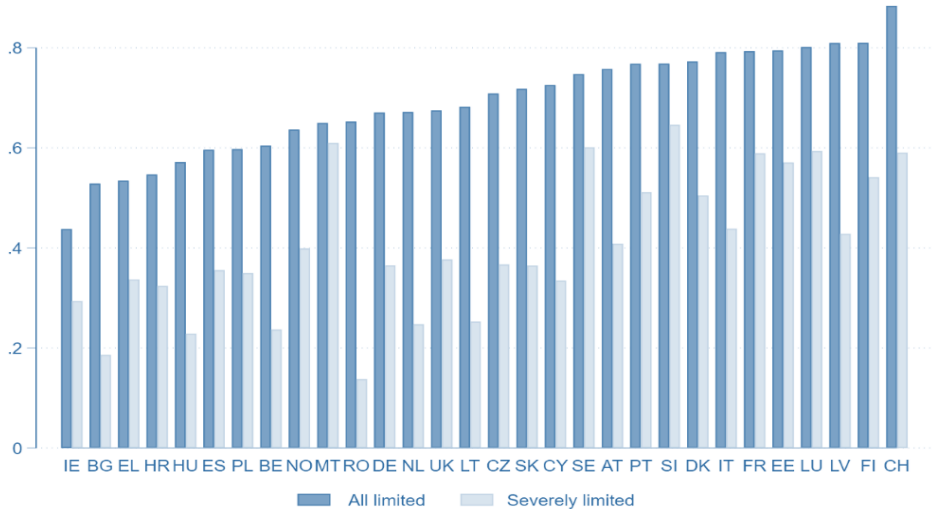

Notes: Ratio of the employment rate of people with and without disabilities in the 16-64 year-old population. The ratio equals 1 if people with disabilities have the same employment rate as those without For the UK, the figure shows 2018 data. Source: authors' calculation using EU-SILC. Aged 16-64.

The employment rate of people with disabilities is usually well below those without disabilities. As Figure 6 shows, the relative employment rate of persons with disabilities compared to the employment rate of the non-disabled population) ranged between 40 and 83% for the population with any limitations, and between 15-60% in case of the severely limited relative employment rate in working age population in 2019.

Although there is an increase in the last decade (see Figure A1 in the Appendix), there is still significant room for improvement in the labour market integration of people with disabilities.


Co-funded by the European Union

*Figure 6: Relative employment rate of people with activity limitations, 2019*



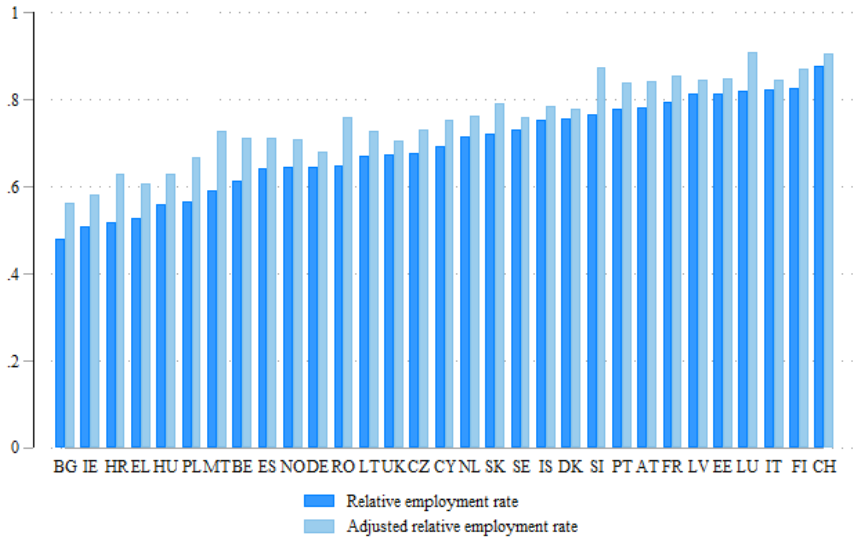

Notes: Ratio of the employment rate of people with and without disabilities in the 16-64 year-old population. The ratio equals 1 if people with disabilities have the same employment rate as those without. For the UK, the chart shows 2018 data. Source: Authors calculation based on EU-SILC, Eurostat

We adjusted the relative employment indicator to account for differences in the age, education and gender composition between disabled and nondisabled population (see Figure 7). People with activity limitations are on average older and have a lower level of education (see Figure A1 and A2 in the Appendix). However, education and age differences explain only a small part of the employment gap. Adjusted relative employment rates usually exceed unadjusted rates mainly for countries with large employment gaps, consequently education and employment reduce cross-country differences, albeit only to a small extent. Still, most of the cross-country variation in the employment gap is unexplained, which implies that other barriers to employment and policies vary considerably across countries.

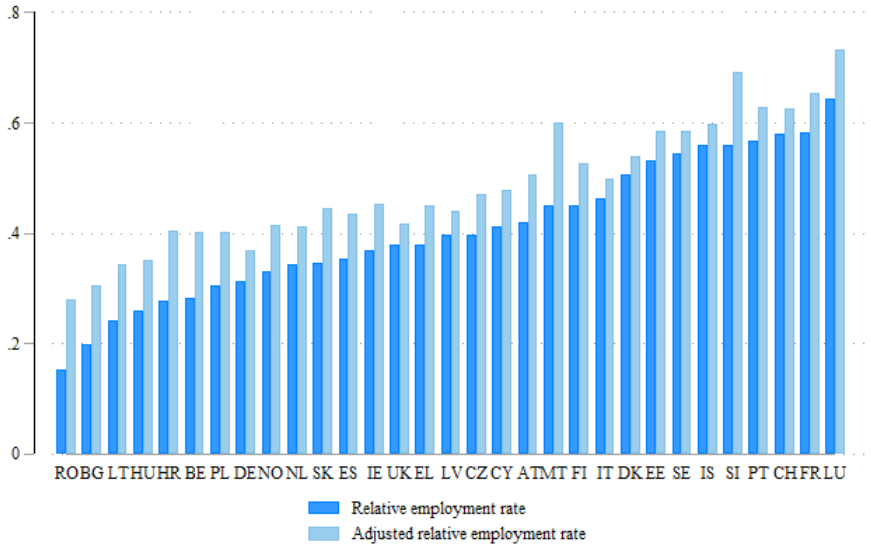

Co-funded by the European Union

*Figure 7: Relative employment rate and adjusted with difference in education and age and gender for people with a) any limitations and b) severe limitations, 2018*

a)




b)




Notes: Source: EU-SILC. Ratio of the employment rate of people with and without disabilities in the 16-64 year-old population. The ratio equals 1 if people with disabilities have the same employment rate as those without. Adjusted relative employment rate is calculated by added the part of the employment gap explained by different composition in gender, age and education from an Oaxaca-Blinder decomposition. Source: EU-SILC, Eurostat


Co-funded by the European Union

## Level of social inclusion

People with disabilities are more exposed to social exclusion than their able-bodied peers. Using the European Social Survey (ESS) of 2018 (which includes several questions relating to exclusion), we find that having an ability limitation is associated with significantly higher levels of past experience of unemployment and lower levels of happiness. People with a limitation in daily activities were also significantly less likely to be able to have (in their own perception) a social life similar to others in a comparable life situation (considering age, level of education and place of residence).

*Table 3. Social inclusion outcomes by disability status, controlling for age, education and residence*

| | some extent | a lot | constant |
|---|---|---|---|
| unemployed, looking for work | (-0.0234) | -0.0816 | 0.5455 |
| unemployed, not looking for work | (-0.0065) | (-0.0205) | 0.2552 |
| ever unemployed for over 3 months | 0.0684 | (0.0207) | 0.7716 |
| social life similar to others | -0.1218 | -0.2489 | 2.5239 |
| happiness | -0.0980 | -0.4953 | 8.2341 |
| experience of discrimination | 0.0124 | 0.0758 | 0.0242 |

Source: authors analysis of ESS 2018

Across the EU, about 2 % of people reporting some limitation in daily activities, and 10 % reporting severe limitations perceived to be part of a group discriminated on the grounds of disability. The incidence of being discriminated remains significant even after controlling for age, education and place of residence (Table 3). Moreover, the feeling of being part of a discriminated group tends to reduce self-assessed happiness as well.

## Barriers to employment

Barriers to labour market access may include a wide range of factors affecting the demand (e.g. discrimination, cost of workplace adjustment, misperceptions of productivity) or supply side (e.g. level of education, limitations or cost of mobility, preferences, job search skills, etc.) or the availability of services that support the matching of demand and supply of labour. This section explores the factors that can be captured in survey data while we document other factors by the interviews and the existing literature.

*What factors explain inactivity among people with disabilities?*

People who have an illness or disability that limits their daily activities are often also to some extent limited in their capacity to work. As we show in this section, many of them have further disadvantages that reduce their chances of finding and retaining employment. In this section we describe the characteristics of inactive people with disabilities that may have contributed


Co-funded by the European Union

to their inactivity. It should be noted that we cannot offer causal explanations as we are analysing factors that are closely interrelated and causation may work both ways.

First, we use a regression model based on the EU-SILC data, to compare the inactive population (within those with disabilities) to those unemployed or active (unemployed or working). The regression includes variables that capture supply side factors of labour market participation and country dummies (regression outputs are reported in the Appendix, Table A2).

We find that characteristics that tend to reduce (perceived) productivity decrease the chance of being active: those with at most with primary education, aged above 54 years, women and persons with no work experience are significantly more likely to be inactive (compared both to the unemployed and to the active population with disabilities). Reporting bad health or chronic illness also significantly increases the likelihood of being inactive conditional on having activity limitations. By contrast, internet access at home significantly reduces the probability of inactivity.

Interestingly, those who report unmet needs of medical treatment are less inclined to stay in an inactive status. It seems that the need for such services and hence the perception of

insufficient medical treatment is more likely to arise among people who consider themselves to be able to work.

Benefit recipient status strongly correlates with inactivity, however, the causality is not clear, as it is likely that those who have a lower chance to participate in the labour market are more likely to qualify to some disability benefit.

Second, we consider factors that may encourage job search, focusing on the non-employed population with disabilities. We use a similar regression model, as the one described above, to compare those who reported looking for a job in the preceding four weeks to those who did not do so. The results are presented in Table A2 in the Appendix. We find that the factors support employment also encourage job search, which reflects the fact that people are aware of their labour market prospects and are more likely to look for a job if they have a higher chance of being hired.

As we focus on those not working, in this regression model we can use a more refined measure of long-term unemployment: we find that those with some work experience are more likely to look for a job than those who never worked, but much less likely to do so than those who have been out of work for less than 12 months. Men are more likely to keep looking for a job even after 12 months of unemployment than women. Among women, those living in a village are more likely to be inactive, compared to those living in a town or city.

*Composition of inactive persons with activity limitations*

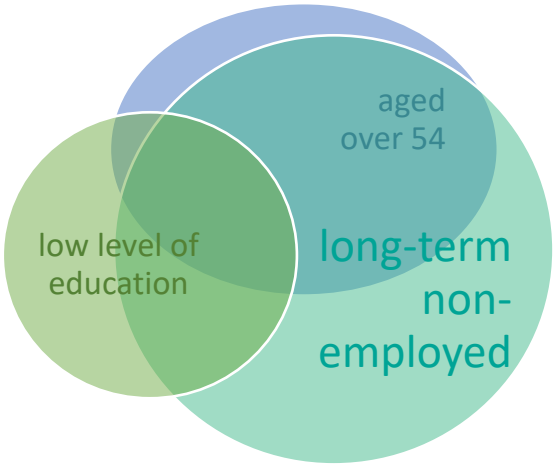
The composition of the population suffering some limitation in daily activities tended to improve in most countries since the global recession of 2008-2010, at least in view of potential


Co-funded by the European Union

labour market participation. The share of those just before pre-retirement age (54 to 66) remained stable or decreased in most countries except in Hungary, Malta and Norway. The share of those who completed lower secondary education (or less) declined in most countries, except in Germany, Denmark, Italy, Latvia, Norway (albeit it started from a very low level in these countries). The share of those who completed tertiary education increased in most countries, and especially markedly in Austria, Estonia and Greece (but decreased in Germany, Spain and Malta).

Despite this general trend of improving demographic composition, the vast majority of inactive persons who are limited in daily activities can be described by unfavourable labour market prospects in all countries in the sample (for details see Table A3 in the Appendix). As Figure 8 illustrates, beside their health condition, a high share of the inactive population with disabilities are aged over 54, have a low level of education and have been out of work for over a year, and for many of them, these disadvantages are combined.

*Figure 8 Three factors that augment the disadvantage of inactive people with disabilities*




Source: authors calculations using SILC 2019

On average, the share of persons aged or above 55 years is close to 50%, and the share of persons with at most primary education exceeds 40%. Over 90% of the inactive population limited in daily activities reported bad health and/or chronic illness, and about 34% are severely limited in daily activities and about 22% of this group has never worked.[8] On average, one in five inactive people with a disability is aged over 54, low-educated and has been out of work for over one year (Table 4). More than 80% of inactive persons with an activity limitation face at least two barriers and more than 95% have at least one characteristic posing a barrier to their labour market participation.


Co-funded by the European Union

*Table 4. Combination of labour market disadvantages in the inactive population with disabilities, 2019*

| | not severe % | severe % | together % |
|---|---|---|---|
| aged over 54, low-educated, long-term unemployed | 24 | 21 | 23 |
| aged over 54 and long-term unemployed | 32 | 31 | 32 |
| low-educated and long-term unemployed | 16 | 21 | 18 |
| long-term unemployed aged below 55 and educated* | 21 | 22 | 21 |
| other (old, low-educated *or* long-term unemployed) | 5 | 3 | 4 |
| none of these | 2 | 2 | 2 |
| together | 100 | 100 | 100 |

Source: author's calculations using SILC 2019. * at least secondary education

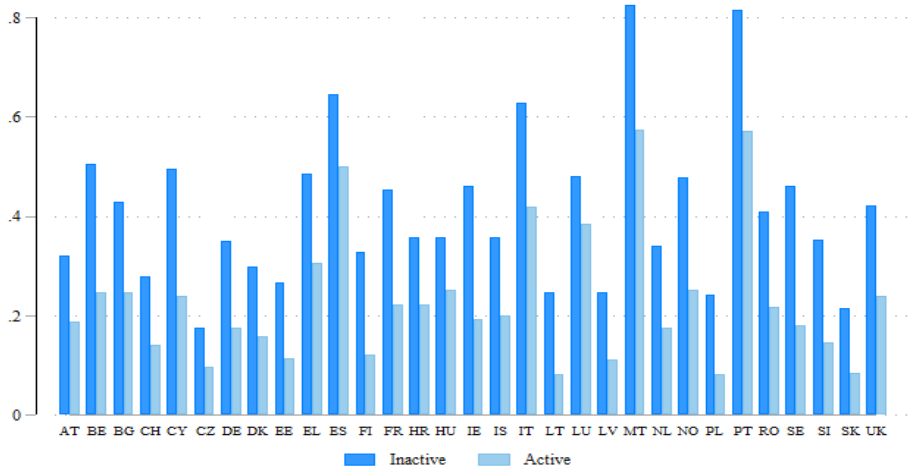
The share of those out of work for over a year is very high among the inactive (with disabilities), and it is well documented that long-term unemployment damages emotional health (Diette et al 2012). Prolonged unemployment tends to lower self-esteem, leading to anxiety and self-doubt or helplessness. These findings underline the need for a complex approach in disability policies that tackles multiple difficulties at the same time: inactive people with limitations have generally worse labour market prospects due to lower education

level, older age, less work experience and worse health conditions including physical and emotional health, which pose barriers to effective job search, getting a job and keeping a job.

Figure 9 shows that there is marked variation across countries in the composition of the inactive population with disabilities. The share of those with at most primary or lower secondary education among the inactive varies between 18 and 80% (but it is always higher than among active persons with any limitations by around 10-30 percentage points). Similarly, the share of persons aged above 54 years varies between 30 and 68% among inactive persons with any limitations and (with the exception of Sweden) exceeds that among active persons with limitations by 5-40 percentage points.

*Figure 9: Composition of the inactive and active population with any activity limitation in 2018*

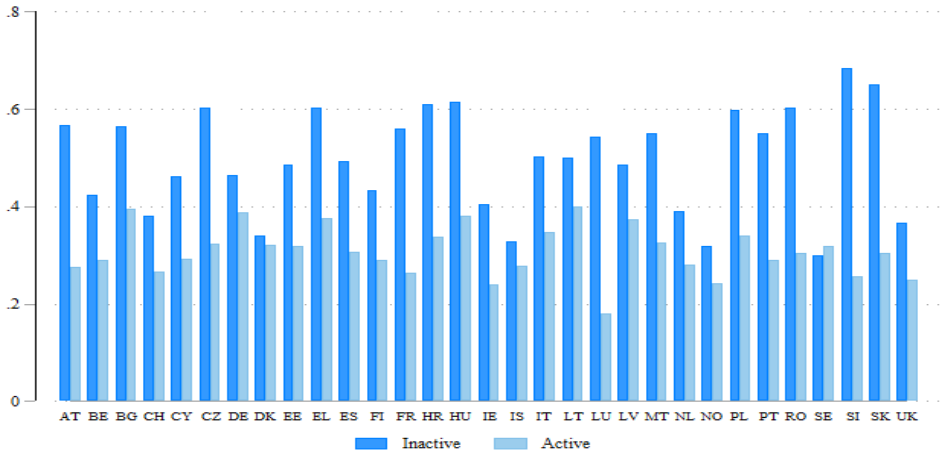
*Primary education, %*





Co-funded by the European Union

*a) Aged over 54 years, %*




Source: author's calculations using SILC 2018.

*Institutional and contextual barriers*

There are further potential barriers in existing institutions. The limited availability and access to mainstream public services such as healthcare, education or public transport, and more recently, lacking Internet access may impose very strong barriers to work (Eurofound 2021).

Accessibility to services cover several aspects: physical access to building, accessibility of information on the services, communication barriers with the service provider, service capacity, or the adjustment of service contents to the specific needs of people with disabilities. The lack of availability and physical accessibility of transport is also a major obstacle to accessing services in many countries (e.g. in Hungary) (Denninghaus 2021). There is empirical evidence that measures to facilitate daily life activities, including support in transportation, while to do not directly target employment, significantly increase labour market integration (Reinders et al 2021., Van Oorschot and Hvinden, 2000).

Digital tools and equipment increase the pool of available jobs for people with disabilities by overcoming different types of impairment and might help them in everyday life. The Covid-19 pandemic and the accompanying restrictions in personal interactions have the accelerated digital transformation of economies which might open up possibilities to people with disabilities. However, inclusion through digitisation requires adequate policies, namely, ensuring access to digital tools for people with disabilities and promoting digital skills amongst people with disabilities (ILO 2021 b).

Our analysis of SILC data also showed that people with disabilities having internet access have a higher probability to participate in the labour market. We also showed that people with


Co-funded by the European Union

disabilities have on average lower education level, which is likely to be associated with poorer digital literacy. Without access to digital tools and skills, accelerated digitisation might even magnify employment barriers for people with disabilities.

*Barriers on the demand side*

Concerning the demand side, there are several reasons why employers may be less inclined to hire people with disabilities (Shaw et al 2014, Strindlund et al 2019). These may include discrimination based on prejudice, or based on the (often inaccurate) perception of the average productivity of people with disabilities) or (mis)perceptions of the attitudes of clients or team members at the workplace (Neumark 2018). There may be indirect discrimination, where existing hiring practices and procedures unintendedly disadvantage applicants with a disability.

Discrimination may have a stronger impact in countries where anti-discrimination legislation or enforcement institutions are weak (Giermanowska et al 2020). In some countries EU-wide and national legislation on non-discrimination and the rights of people with disabilities are not systematically enforced, or non-compliance is not sufficiently discouraged (e.g. Campos Pinto and Kuznetsova 2019).

The lack of awareness of the actual size and composition of the workforce suffering from disabilities, and the lack of accurate knowledge of the potential costs of workplace adaptation or personal assistance, and of the available subsidies may also pose a barrier (Eurofound 2021). Rigidities in existing arrangements of work, lacking management capacity for handling diversity may also constrain demand, while increasing awareness of the benefits of a diverse workforce may have a positive effect.

# Policies to support the labour market inclusion of people with disabilities

## Overview of relevant policies

Well-designed disability policies can significantly increase the labour market integration of people with disabilities. Policies may focus on the supply or demand side of the labour market. Supply-side interventions may include healthcare reforms focusing on prevention, health and vocational rehabilitation, regulation of the level and conditions of disability benefits, changes in public education with an aim to improve access and quality, training programmes, and employment services (supported employment, job trials etc.). Demand side measures may


Co-funded by the European Union

include anti-discrimination legislation, awareness-raising campaigns, employment quotas, wage subsidies as well as services for employers. Public subsidies for sheltered jobs also generate demand, albeit not in the primary labour market.

There are other, mainstream policies and measures that are designed for all jobseekers but may also benefit people with disabilities.

As summarised by Scharle (2013), effective disability policy needs to tackle all the stages of entering and exiting the labour market, and at all of these stages, measures need to ensure early and well targeted access to high-quality rehabilitation services, while targeting cash transfers on those in genuine need (rather than reducing levels of payments to those in need). Though there is a distinct tendency in most Member States to improve the effectiveness of disability policies in most Member States the existing policy framework is a considerable distance from achieving this ideal (OECD 2010, Scharle et al 2015; Boheim and Leoni 2016).

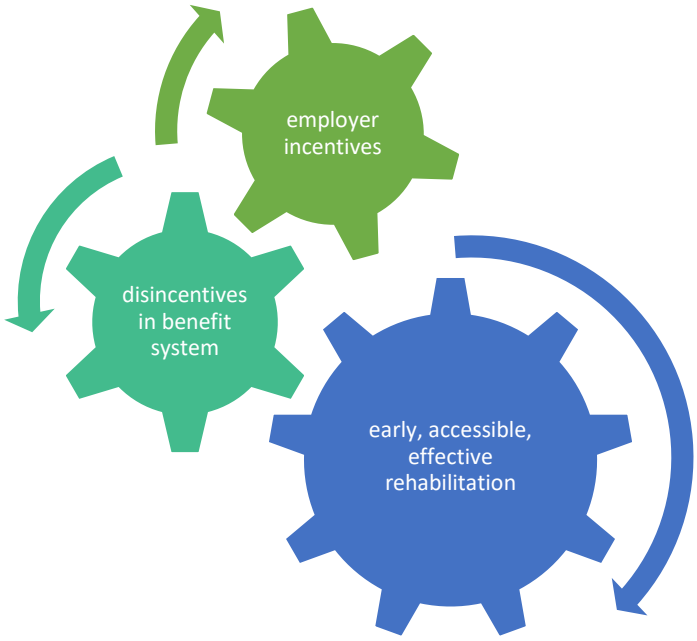
Clearly, it is not enough to activate people with disabilities: they also need to be able to work and find employment. As Figure 10 illustrates, measures on the supply and demand side are interdependent and need to be carefully aligned. Shifting resources from cash transfers to services can generate strong incentives for labour supply, while also freeing up resources for

the development of rehabilitation measures.[11] However, the potential effects on employment may only materialise if supply side measures are combined with effective incentives for employers, for example, in the form of quotas, wage subsidies, or awareness-raising about discriminatory hiring practices. Otherwise, reforms may increase poverty and exclusion with no or little impact on the employment gap.

11 The limitations of partial reforms is illustrated by the experience of Norway, where rehabilitation services are well developed, but the benefit system is quite generous, which may partly explain why the employment gap between those with and without disabilities has remained large (Scharle and Váradi 2013).


Co-funded by the European Union

*Figure 10 Main policy elements that determine labour market inclusion*




Source: authors' summary based on OECD (2010)

Importantly, the goals of ensuring income security and promoting labour market inclusion can be reconciled by the careful design of policies. As we show in the next section, though the reduction of benefit levels may increase incentives to work, activation can be achieved while maintaining the generosity of the benefit system (as measured by high benefit levels) and ensuring access to all in need. The two main features that determine disincentives on the supply side are *targeting* and *flexibility*. Adequate targeting ensures that benefits are accessible to all those, and mostly those in need. This depends on the transparency of disability assessment systems that minimizes abuse and subjectivity, a broad approach in vocational assessment that considers all employment options available to the claimant given their remaining work capacity, regular health checks during sickness and benefit receipt and a limited use of permanent benefits. Flexibility ensures that benefits and work can be combined and moving between inactivity and work is not heavily "taxed" by immediate and full withdrawal of benefits. Rules that allow partial benefits, temporary suspension of benefits and generous disregards in benefit withdrawal can increase flexibility in sickness and disability benefits.

Reforms that limit the coverage of sickness or disability insurance or eliminate universally available support, though they may reduce abuse in the system, but at the cost of excluding some people in genuine need of support, and thus violate the primary goal of benefit systems.


Co-funded by the European Union

Likewise, reforms that curb replacement rates or tighten eligibility to full benefits may increase work incentives but at the cost of reducing the standard of living of all those affected.

## Policy practices across the European Union

To describe policy practices across the EU, we use a framework developed by an influential OECD study (OECD 2010), which includes indicators to capture differences in the main design elements of disability policies.[12] In the original OECD study, these indicators were calculated up to 2007, and we complement these with data from three subsequent studies that used the same approach (Boheim and Leoni 2016, Scharle et al 2015 and Scharle and Csillag 2016). The framework includes ten indicators, each describing a particular aspect of monetary compensation available to people with disabilities, such as benefit coverage, conditions of access and monitoring. It also includes ten indicators that describe integration measures, such as quota systems, the availability and comprehensiveness of vocational rehabilitation or employment incentives in the benefit system. Each indicator is measured on a scale of 0 to 5. For compensation indicators, 5 denotes the most generous and least employment friendly, while for integration indicators, it denotes the most developed and comprehensive measures.

Figure 11 and 12 describe the association of selected indicators and the disability employment gap across European countries for the latest available year (which is 2013 in most cases). The figures show that there is considerable cross-country variation in disability policies, and that employment friendly policies are by-and-large associated with a lower employment gap.

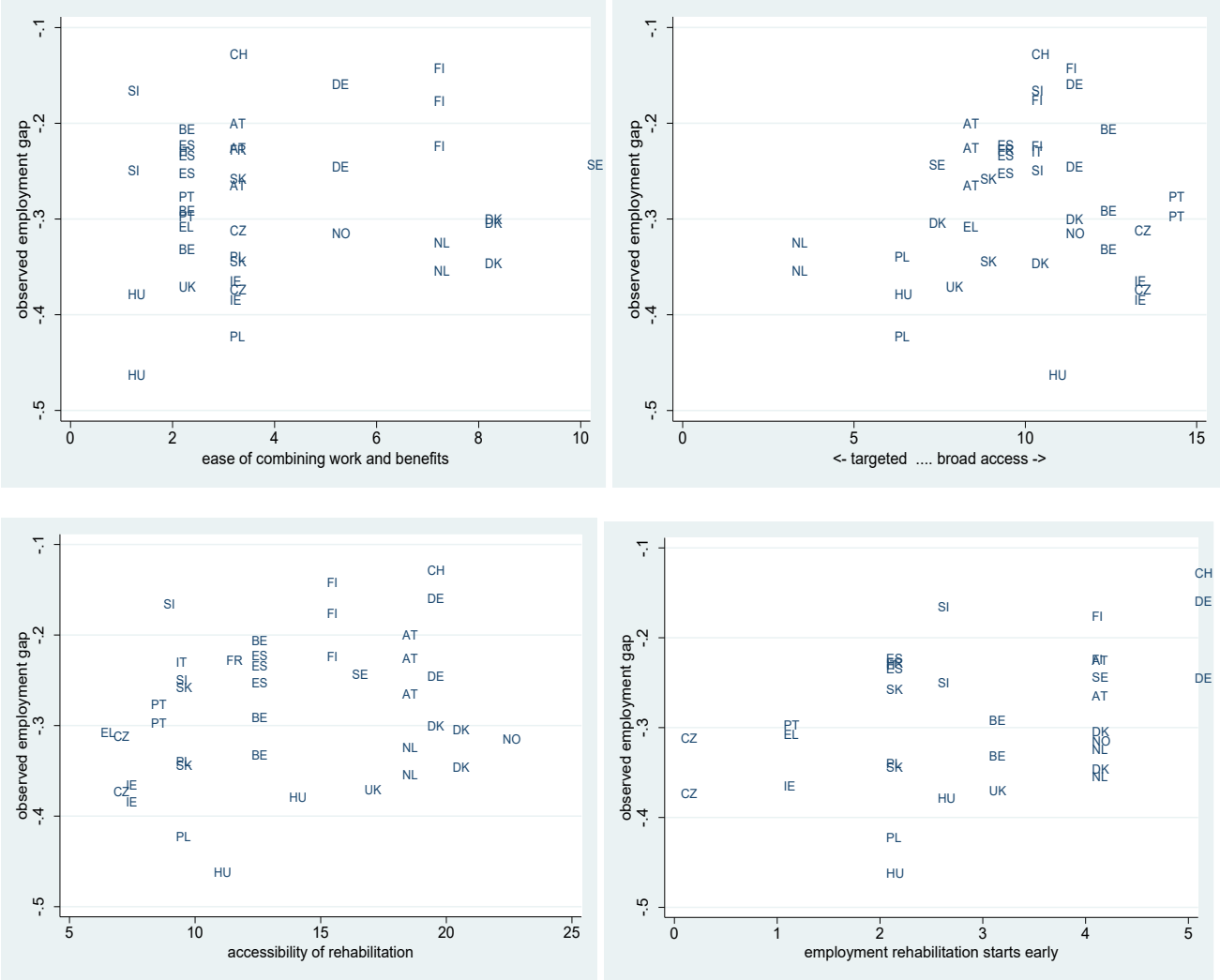
The association with the employment gap seems clearest in the case of early timing of rehabilitation (shown in the bottom right panel of the figure), confirming policy studies that stressed the importance of early intervention in all stages of the rehabilitation process – for people on sick leave, as well as for disability benefit recipients (OECD 2010, OECD 2015). Prolonged absence from work tends to reduce motivation, employability, and in some cases,

the underlying health condition itself, all of which highlights the importance of early intervention. Figure 12 suggests that employer incentives may also contribute to reducing the disability employment gap.

[12] To be precise, the core of the data comes from two earlier OECD studies that described disability policies in 28 OECD countries in 2007, and policy developments between 1990 and 2007 for a subsample of 23 countries (OECD 2010). For six selected countries the Annex provides further detail on the scores as well as the policies.


Co-funded by the European Union

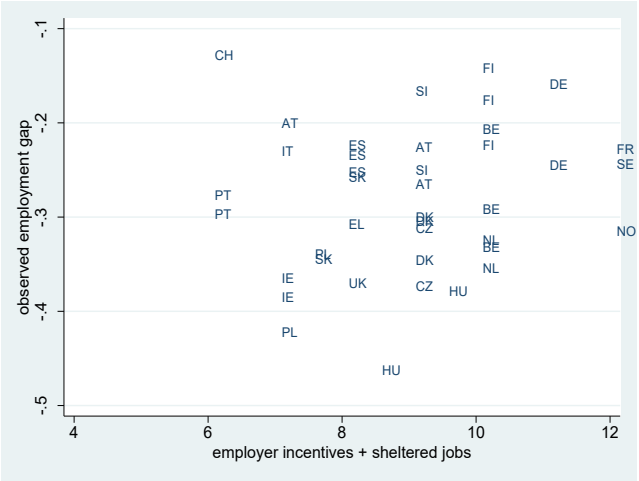
*Figure 11 The employment gap and access to rehabilitation*





Co-funded by the European Union

*Figure 12 The employment gap and demand-side measures*




Notes: The employment gap refers to the 16-64 year-old population. Source: Authors calculation based on EU-SILC, and OECD policy indicators. Some of the indicators in the figure combine 2 or 3 sub-indicators so the hypothetical maximum varies from 5 to 25.

A more detailed analysis of demand side policies also shows that sheltered workplaces still dominate disability policies in many countries while rehabilitation services are difficult to access of lacking capacity.

The flexibility of combining work with benefit pay (shown in the top left panel of the figure) also contributes significantly to reducing the employment gap. This is determined by the design of sickness and disability benefits and their interaction with the taxation system: the rules governing how benefits are phased-out, reduced or lost when taking up work. A gradual phase-out enables people to combine benefits and work, encourages part-time employment and, thus, promotes labour market and social integration for the majority of disability benefit recipients who can and want to work (MacDonald et al 2020).

While increased labour market participation can greatly contribute to income security and social inclusion, there is a need for measures to prevent in-work poverty and ensure adequate income support for periods of unemployment or inactivity, taking into account that people with disabilities usually have additional costs of living (which may also vary with their work status). Existing support systems often too rigid and/or fail to account for individual needs and the change of needs when in or out of work.

## Lessons from Hungary, the Netherlands and Portugal

While many countries introduced piecemeal reforms to encourage the labour market participation of people with disabilities, comprehensive reforms are rare. There are two countries in Europe that undertook a major redesign of disability benefit systems involving a reassessment of previously accepted benefit claims combined with a tightening of job-search requirements: Hungary and the Netherlands. These countries provide important lessons about the feasibility of activating a large group of people with disabilities who have been out of work for several years. The Portuguese example did not include such drastic measures


Co-funded by the European Union

affecting benefit receipt but instead focused on the accessibility and quality of vocational rehabilitation and employment counselling.

In *the Netherlands* a major reform in 2004-2006 replaced the Invalidity Insurance Act (WAO) with the Work and Income (Employment Capacity) Act (WIA), involving a reassessment of around 345.000 cases of younger WAO recipients (those aged under 45 in 2004) under stricter eligibility criteria between 2004 and 2009. The new reassessment criteria left medical aspects unchanged, but reduced the amount of job requisites the claimant had to meet to be considered able to work. Mandico et al (2016) found that of those reassessed, 33% transited to employment in the short term while 22% transited to unemployment in the short term and these transition probabilities varied according to the type of disability. The likelihood of returning to work was larger for those suffering from musculoskeletal disorders, while lower for those with mental disorders.

In *Hungary,* the disability reform was implemented in 2011-2012. It tightened eligibility to disability pension, introduced a rehabilitation benefit (of a lower level) and involved a reassessment of existing disability benefit cases of recipients aged below 57. Those with more recent benefit claims were more likely to lose benefit eligibility after the reassessment. The overall impact of the reform on reemployment probabilities was modest (Krekó et al 2022). The analysis of SILC data between 2016 and 2019 suggest that the disability employment gap narrowed only for those with less severe disabilities, and the rise in employment was more pronounced among women. This may partly be explained by the skills composition of those affected and partly by employer discrimination and the lack of employment services.

The analysis of PIAAC (the OECD survey on adult skills) also shows that the inactive population with disabilities lacks the skills needed for benefiting from new opportunities for remote work. The share of those with only a basic level of problem solving skills in a technology-rich environment is 27% among those aged over 50 and out of work and reporting poor health (compared to 46 % of those with better health). The share of those with more advanced skills is only 1% (while 8 % among the non-employed with better health and 7% among those employed aged over 50). Those below 50 have somewhat better skills (42% with basic and 11% with more advanced IT skills) but the majority of the inactive with poor health are aged over 50 in Hungary.

In *Portugal*, government efforts to support people with disabilities focused on increasing the capacity of the public employment service and NGO providers as well as improving the cooperation between these providers, using EU structural funds (see more detail in the Portuguese case study). There were also some efforts to reduce employer discrimination and promote inclusive education and diversity in the workplace. The analysis of SILC data between 2016 and 2019 suggest that these efforts may have been especially effective in increasing the employment rate of older people with disabilities (aged 45 or over), and those with less severe limitations in daily activities. The employment gap between disabled and non-disabled people continued to increase since 2010 and plateaued at 80% in 2017. Women and those with higher education were more likely to return to work.

It is notable that, comparing Hungarian and Portuguese data for 2010-2019, the improvement in the disability gap is markedly larger in Portugal than in Hungary, despite the harshness of the Hungarian reform (see details in the Annex on case studies).


Co-funded by the European Union

## The role of PES and non-profit non-governmental providers

Public employment services (PES) play a central role in supporting the labour market integration of persons with disabilities in Europe (Eurofound 2021). In several countries, this responsibility is shared with other government agencies, such as municipalities, the central rehabilitation agency or the disability insurance agency. PES vary in their general approach to providing services for people with disabilities. According to a recent survey of PES practices concerning anti-discrimination, the most common arrangement is to have specialised caseworkers who refer jobseekers with disabilities to external providers: this is used in about a third of EU Member States.[13] In some countries (e.g. DE, HR, IS, MT, and SE) the PES has a dedicated unit that provides most such services in-house. In a few countries (e.g. AT and EE), these two approaches are combined (Hajnal and Scharle 2022).

NGOs may play an important role in providing personalised and specialised services, both to assist daily activities and in employment rehabilitation. Tailoring programmes and support to the specific needs of the jobseeker has a much greater significance in the case of people with disabilities than in case of the nondisabled population. The reason is that there is large variety of disabilities and impairments that require completely different forms of retraining and counselling in adapting their daily routine to changed abilities depending on the form and extent of their disabilities. Moreover, a specific type of disability constitutes different kinds of barriers in different jobs and level of education, so effective assistance requires large flexibility, a large arsenal of support and specialized expertise in many cases.

Flexible and innovative civil service providers specializing in a specific type of disability or in a given (micro) region are often better able to meet these needs and thus can complement public employment services and service providers. NGOs may provide a broad range of services, such as training and rehabilitation for people with disabilities, awareness raising among the general public and among employers, counselling employers on workplace adaptation, or supporting mobility, communication, and independent living. Also, NGOs may play an important role in developing new ways of service provision (e.g. using digital tools) as well as in piloting and testing such tools before a nation-wide rollout.

Currently, personalised services in daily life and rehabilitation are limited in several EU countries, and may be especially hard to access in rural areas. For example, in Hungary, personal support services to assist people in accessing public services are only available to people with a severe disability in Hungary (interview). Capacity in provision of individualised support and personal assistance services was also limited in Portugal, until around 2017 (ANED 2019, Düll et al 2018) when public investment in such services started to expand (see case study in the Annex).

[13] For example BG, DK, ES, FR, IE, LT, NL, SI, and SK. The survey covered 22 PES in 21 countries.


Co-funded by the European Union

NGOs could complement the limited capacities of public providers, but in many cases their capacities are also constrained. To foster the expansion of NGO capacities, governments need to ensure a stable regulatory environment as well as clear and predictable conditions of funding (World Bank 2019).

Public support for NGO services may take several forms, which are also linked to quality assurance arrangements. One common form is to provide funding via the PES, in a subcontracting model. In this model, the PES buys services from NGOs, at a certain price which may be a flat rate or vary according to the difficulty of the task (e.g. on the basis of the predicted probability of the client returning to work), or the amount of work. Payments may also incorporate performance incentives and vary by the outcomes (as for example in the Netherlands). In services for jobseekers with disabilities, performance-based payments are usually combined with fixed service fees, as outcomes are often less predictable while the fixed costs of the service tend to be fairly high.

In some countries financing conditions are far from being stable or predictable. For example in Hungary, NGO service providers rely on scarce and uncertain tenders and grants, and receive no regular financing from the state budget. A recent squeeze in the availability of EU funds halved the number of rehabilitation providers. In the provision of rehabilitation services, a stable environment may take the form of subcontracting by the PES, ideally in a framework that sets the terms of cooperation for several years and is automatically renewed as long as the NGO meets requirements of quality and effectiveness.

Contracting and monitoring outsourced services demands a high level of management capacity in the public sector organisations, which is often lacking in PES. To be well implemented, monitoring mechanisms and reward systems need to be carefully designed, outcomes of outsourcing critically assessed and potential adverse effects discovered in order to avoid creaming and parking effects (helping jobseekers who are more ‘job ready’ to find work and ignoring everyone else) and sustain the incentives of the created quasi-market (Struyven 2004, Finn 2020).

Clear role division between the PES and NGO providers is also important, so that public and no-profit providers do not compete with, but instead complement each other.

### Political constraints

Compared to many other policy areas, disability policy is fraught with the difficulty of designing highly complex measures and implementing them in a context of a varied set of (and often strongly opposing) stake-holders. The success of this policy mix requires not only the correct calculation of monetary incentives and the careful design of behavioural conditions, screening procedures, and services, but also their proper implementation. In most countries this is the more difficult part as


Co-funded by the European Union

it usually implies a change in the attitudes of the staff in welfare institutions that deliver the provisions (Prinz and Tompson 2009). The planning and implementation of such reforms takes time, and results tend materials only in the medium term, which may discourage policy-makers optimising on a short time horizon.

Disability issues also have a strong human rights dimension, which creates potential for building a pro-reform alliance by engaging the general public as well as the growing NGO sector that promotes equal rights and social integration and may also lobby for the expansion of funding for their services (Scharle et al 2015).

# Conclusions and recommendations

## Conclusions

Based the analysis of EU SILC and the review of existing research, the study explored the labour market situation of people with disabilities and existing policy practices across Europe.

The analysis has confirmed the need for an improvement of policies supporting labour market inclusion. The share of the economically inactive continues to be high among people with disabilities. The employment gap between the non-disabled population and people with disabilities has also remained large, despite the sustained growth of employment between 2011 and 2019, and the improving educational composition of the population suffering from some limitation in daily activities. The relative employment rate of people with disabilities varies widely across Europe, even after adjusting for the composition of the population with disabilities, which suggests that disability policies play an important role.

There are barriers to labour market participation on both the supply and demand side. Beside their health condition, a high share of the inactive population with disabilities are aged over 54, have a low level of education and the large majority have been out of work for over a year. Moreover, these disadvantages are often combined. Employer discrimination poses a significant barrier on the demand side.

These findings confirm the need for an improvement of policies in support of the labour market inclusion of people with disabilities. Combining the analysis of countries where the employment gap is small with existing empirical evidence on the effectiveness of particular policies, it is possible to identify the measures that are most likely to make a substantial impact.

While the relevant policies are mainly in national competence, the European Union has a wide array of tools to guide and support Member States (and Associated Countries) in implementing policy change. The next sections first outline recommendations applicable to the national level and then turn to measures applicable at the EU level.

## Recommendations for national level policy measures

1. To effectively support the labour market inclusion of people with disabilities, several policy areas need to be harmonised: benefits systems, supply-side and demand-side


Co-funded by the European Union

incentives, anti-discrimination measures, mobility and employment services that support the matching of demand and supply as well as social services that support to recovery of emotional health and meet care needs. Uncoordinated efforts and partial reforms carry a high risk of increasing poverty and exclusion or modest results at a high cost to the public budget, which can erode public support for investment in such measures.

2. A key aspect of policy coordination is to ensure early access to (and sufficient motivation for) rehabilitation services. This requires that eligibility rules and monitoring in sickness and disability benefits include incentives for participating in rehabilitation, and also that these services are available and of high quality.

3. Another key aspect of coordination is to allow for the flexible combination of benefit receipt and paid employment. This requires that benefits are not fully lost when people move into work, that partial benefits can be kept when working part-time, or that benefits may be suspended and easily regained when moving between jobs.

4. In most EU Member States (except some Nordic countries), the availability of rehabilitation services is limited compared to the volume of potential needs. When activation measures are tightened, capacities in rehabilitation must be expanded to meet the increasing need.

5. There is general evidence in ALMP impact evaluations that person-centred, small-scale support is more effective than mainstream programmes. Though the evidence specific to disability programmes is relatively scarce, given the highly specific and diverse needs of people with disabilities, the general lesson of ALMPs is most likely to apply to their case. There is a need to develop capacity in person-centred rehabilitation. In particular, IPS should be introduced into the standard toolkit of PES, and similar methods should be developed and provided to all subgroups within the population of disabilities.

6. Inactive people with disabilities need high quality, accessible and affordable social services that support independent living and social inclusion and tackle the potential negative impact of long-term unemployment on emotional health both before and during job search and after successfully returning to work. These social services should be coordinated with employment services.

7. The highly standardised delivery process of public service providers tends to compromise the use of person-centred approaches. Such approaches can however be included in the PES toolkit by subcontracting NGOs. Member states should introduce or develop a subcontracting framework that ensures predictable and fair financing for non-profit service providers as well as effective and high quality services.

8. In cooperation with other public bodies and with disability advocacy groups and NGOs, PES should be more active in raising awareness about employer discrimination and providing counselling to employers.


Co-funded by the European Union

9. Public organisations should take the lead in implementing diversity policies in their own human resource management, and publicise their efforts and achievements.

10. While digitisation in the workplace and remote work may improve work opportunities for people with constrained mobility, this can only materialised if these people are equipped with the right skills. Public education and adult training systems should make more effort to reduce the digital divide and make training available to people with any form of disability.

11. More efforts are needed to reduce mobility barriers by improving the accessibility of public transportation and buildings. Governments should strengthen the enforcement of national and EU-wide regulations and ensure adequate funding for achieving full accessibility of public buildings and transportation. They should provide subsidies to private firms to adapt their buildings. Direct support to people with disabilities to guarantee access to necessary equipment and affordable public transport could improve the everyday life of people with disabilities while also enable them to access work.

12. While increased labour market participation can greatly contribute to income security and social inclusion, there is a need for measures to prevent in-work poverty and ensure adequate income support for periods of unemployment or inactivity. Member states should consider introducing (1) an allowance that compensates for the additional costs of living flowing from a disability irrespective of employment status and (2) an in-work income support that compensates for the lost work capacity and additional costs of living due to work. For periods out of work, people with disabilities could use the general income support schemes. Such a system could replace traditional disability pensions and benefits, which are usually designed to provide a basic income replacement (proportional to prior earnings) and a compensation for increased costs of living, but are not sufficiently differentiated and tend to discourage return to work.

13. Member states should improve data collection and monitoring systems so that they can forecast needs, monitor the take-up of services, identify which measures work best and adjust their systems as needed.

### Recommendations at the EU level

Though most of the relevant policies are in the competence of Member States, the EU can provide support, for example via the Semester Process, guidelines and technical assistance to the implementation of the European Social Pillar, the European Social Fund, commissioning research in key issues, or data collection and monitoring facilities managed by Eurostat. The planned new flagship initiative of a European resource centre Accessible EU is a good example of how the EU may provide support by collecting and disseminating information and evidence in key policy areas.

The Union of Equality Strategy for the Rights of Persons with Disabilities 2021-2030" published by the European Commission in March 2021 outlines the main directions of activities. These


Co-funded by the European Union

include continued support for Member States in the implementation of the relevant Employment Guidelines through the European Semester, in developing statistical tools as well as promoting the exchange of good practices. In implementing these plans, we propose that the Commission may consider the following.

1. The Commission may promote a more systematic and regularly updated review of existing national policies that are relevant for labour market inclusion and based on these, provide more concrete recommendations in the European Semester.
2. The Commission may develop and disseminate guidelines on the introduction of specific measures, such as the well-evidenced IPS or specific approaches, or co-designing policies. Co-design may be especially relevant in the implementation of the Youth Employment Initiative, to develop effective ways of outreach and sustaining motivation.
3. The Commission should provide more encouragement for Member States to use randomised control trials to evaluate the effectiveness of their existing or newly introduced policies. This will benefit individual Member States (especially considering rehabilitation measures which tend to be costly) as would greatly facilitate the identification and sharing of good practices. One way to promote RCTs may be to earmark additional funding for such projects in the ESF.
4. The Commission may also support the build-up of evidence on which policies are effective by upgrading data-collection requirements on ESF-funded projects in a way that would support ex-post impact evaluations using a matching approach. One basic requirement that would greatly enable such research would be that programme participation (along with some basic details of the measures and services received) is recorded in the standard register of the unemployed, along with some basic information on health status. A further step would be to support PES in regularly linking their register with tax or insurance registers and making the linked data available to researchers in an anonymised way.
5. The EU should consider opening direct channels of funding for non-profit service providers to support the development of capacities and the transfer of effective methods across countries.
6. The Commission may consider examining the viability of a new approach to disability benefits that would separate cost-compensation and income support elements outlined by MacDonald et al (2020), and if feasible, incorporate recommendations for Member States in the guidelines to support the implementation of the European Social Pillar as well as support the data collection and calculations that are needed for the effective design of such systems.
7. The Commission may reconsider further efforts to collect comparable data on skills, living standards, mobility, and employment of people with disabilities. An important step forward may be to implement the long-time proposal by ANED to include activity limitation in the


Co-funded by the European Union

standard questionnaire of the European Labour Force Survey, and also to test the introduction of a small set of questions regarding access/use of employment services (e.g. whether the respondent had an obligation to keep regular contact with an agency to support their labour market participation, and if they were in contact with this agency during the reference week.)


Co-funded by the European Union

# References

Aakvik, A. 2003. Estimating the employment effects of education for disabled workers in Norway. Empirical Economics, 28, 515–533. https://doi.org/10.1007/s001810200143

Adamecz-Völgyi, A., Lévay, P., Bördős, K., & Scharle, A. 2018. Impact of a personalised active labour market programme for persons with disabilities. Scandinavian Journal of Public Health, 46, 32–48. https://doi.org/10.1177/1403494817738421

ANED 2019. Country report – Portugal. https://www.disability-europe.net/country/portugal.

Autor, D. et al 2019. Disability Benefits, Consumption Insurance, and Household Labor Supply, American Economic Review, Vol. 109/7, pp. 2613-2654, http://dx.doi.org/10.1257/aer.20151231.

Banks, James, Arie Kapteyn, James P. Smith, and Arthur van Soest. 2004. International Comparisons of Work Disability. IZA Discussion Paper Series 118. http://ftp.iza.org/dp1118.pdf

Bewley, H., Dorsett, R., & Haile, G. 2007. The impact of pathways to work. Department for Work and Pensions Research Report no, 435. Retrieved from: http://webarchive.nationalarchives.gov.uk/20130128102031/http://www.dwp.gov.uk/ asd/asd5/rports2007-2008/rrep435.pdf

Black N, Johnston DW, Suziedelyte A. 2017. Justification bias in self-reported disability: New evidence from panel data. J Health Econ. 2017 Jul; 54:124-134. doi: 10.1016/j.jhealeco.2017.05.001.

Benítez-Silva, H., Buchinsky, M., Chan, H. M., Cheidvasser, S., & Rust, J. 2004. How Large Is the Bias in Self-Reported Disability? Journal of Applied Econometrics, 196, 649–670. http://www.jstor.org/stable/25146315

Böheim, R., Leoni, T. 2016. Disability policies: Reform strategies in a comparative perspective No. w22206. National Bureau of Economic Research, Cambridge, MA. https://doi.org/10.3386/w22206

Bond, G.R., Drake, R.E., Pogue, J.A. 2020. Facilitating Competitive Employment for People with Disabilities: Expanding Implementation of IPS Supported Employment to New Populations, in: Bültmann, U., Siegrist, J. Eds., Handbook of Disability, Work and Health. Springer International Publishing, Cham, pp. 571–587. https://doi.org/10.1007/978-3-030-24334-0_31

Bound, John, and Richard V. Burkhauser. 1999. Chapter 51 Economic Analysis of Transfer Programs Targeted on People with Disabilities. In, edited by BT – Handbook of Labor Economics, 3, Part C:3417–3528. Elsevier. http://www.sciencedirect.com/science/article/pii/S1573446399300420

Brinchmann, B., Widding-Havneraas, T., Modini, M., Rinaldi, M., Moe, C.F., McDaid, D., Park, A., Killackey, E., Harvey, S.B., Mykletun, A., 2020. A meta-regression of the impact of policy on the efficacy of individual placement and support. Acta Psychiatr Scand 141, 206–220. https://doi.org/10.1111/acps.13129

Burns, T., Catty, J., Becker, T., Drake, R. E., Fioritti, A., Knapp, M., Wiersma, D. 2007. The effectiveness of supported employment for people with severe mental illness: A randomised controlled trial. The Lancet, 370, 1146–1152. https:// doi.org/10.1016/S0140-673607.61516-5

Campos Pinto, P. and Kuznetsova, Y. 2019. European Semester 2018/2019 country fiche on disability: Portugal ANED report, https://www.disability-europe.net/downloads/954-country-report-on-the-european-semester-portugal

Card, D., Kluve, J, Weber, A. 2018. What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations, Journal of the European Economic Association, European Economic Association, vol. 163., pages 894-931.

Clayton, S., Barr, B., Nylen, L., Burstrom, B., Thielen, K., Diderichsen, F., Whitehead, M. 2011. Effectiveness of return-to-work interventions for disabled people: A systematic review of government initiatives focused on changing the behaviour of employers. European Journal of Public Health, 22, 434–439. https://doi.org/10.1093/eurpub/ckr101

Csillag, M, Samu, F, Scharle, Á. 2014. Exclusion from the labour market in post-socialist EU member states, GRINCOH WP 5.04. http://www.budapestinstitute.eu/grincoh_wp5.04_csillag_samu_scharle.pdf

Datta Gupta, Nabanita, Mona Larsen and Lars Thomsen 2016. Do wage subsidies for disabled workers reduce their non-employment? - evidence from the Danish Flexjob scheme IZA Journal of Labor Policy, 2015, vol. 4, issue 1, 1-26



Co-funded by the European Union

Denninghaus, M. 2021. The new Urban Mobility Framework. How we can make public transport more accessible for persons with disabilities. European Disability Forum. https://www.edf-feph.org/the-new-urban-mobility-framework-how-we-can-make-public-transport-more-accessible-for-persons-with-disabilities/

Descy, P., & Tessaring, M. 2007. Combating labour market exclusion: Does training work? European Journal of Vocational Training, 41, 64–83

Diette, Timothy M., Arthur H. Goldsmith, Darrick Hamilton, and William Darity Jr. 2012. Causality in the Relationship between Mental Health and Unemployment. In: Reconnecting to Work: Policies to Mitigate Long-Term Unemployment and Its Consequences, Lauren D. Appelbaum, ed. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, pp. 63-94.http://dx.doi.org/10.17848/9780880994095.ch4

Düll, N., Thévenot, C., Immervoll, H., Browne, J., Fernandez, R., Neumann, D., Pacifico, D., 2018. Faces of Joblessness in Portugal: A People-centred perspective on employment barriers and policies, OECD Social, Employment and Migration Working Papers, No. 210, OECD Publishing, Paris, http://dx.doi.org/10.1787/b0fa55e7-en.

EDE 2020. Master tables concerning EU 2020: year 2018. Statistics on Persons with Disablities 2018. European Disablity Expertise https://ec.europa.eu/eurostat/data/database

Eichhorst, W., Kendzia, M., Knudsen, J., Hansen, M., Vandeweghe, B., Vanhoren, I., Rückert, E., Schulte, B., 2010. The Mobility and Integration of People with Disabilities into the Labour Market. IZA Research Report 29

Eurofound, 2021. Disability and labour market integration: Policy trends and support in EU Member States. Publications Office of the European Union. Luxembourg

Eurostat 2021. Disability statistics – poverty and income inequalitites. January 2021 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Disability_statistics_-_poverty_and_income_inequalities accessed: 5 March 2022.

Fevang, E., Hardoy, I., & Røed, K. 2013. Getting disabled workers back to work: How important are economic incentives? IZA Discussion Paper No. 7137. https://ssrn.com/abstract=2203327

Finn, D. 2020. Public–private partnerships: the delivery of public employment services. In: Handbook on Society and Social Policy. Cheltenham, UK: Edward Elgar Publishing.
doi: https://doi.org/10.4337/9781788113526.00039

Fogelgren, M., Ornstein, P., Rödin, M., Thoursie, P.S., 2021. Is Supported Employment Effective for Young Adults with Disability Pension?: Evidence from a Swedish Randomized Evaluation. J. Human Resources 0319-10105R2. https://doi.org/10.3368/jhr.58.4.0319-10105R2

Geiger BB, van der Wel KA, Tøge AG. 2017. Success and failure in narrowing the disability employment gap: comparing levels and trends across Europe 2002-2014. BMC Public Health. 2017 Dec 2; 171:928. doi: 10.1186/s12889-017-4938-8.

Giermanowska, E., Racław, M., Szawarska, D., 2020. Employing people with disabilities – Good organisational practices and socio-cultural conditions. Palgrave, Cham, Switzerland

Gruber, J. 2000. Disability insurance benefits and labor supply , Journal of Political Economy, Vol. 108/6, pp. 1162-1183, http://dx.doi.org/10.1086/317682.

Hajnal, Á and Scharle, Á 2022. Mapping PES responses against labour market discrimination. Budapest Institute, study commissioned by the ICON Institute.

Hemmings, P., Prinz, C., 2020. Sickness and disability systems: comparing outcomes and policies in Norway with those in Sweden, the Netherlands and Switzerland OECD Economics Department Working Papers No. 1601, 2020. OECD Economics Department Working Papers. https://doi.org/10.1787/c768699b-en

Høgelund, J., & Pedersen, J.G. 2002. Active labour market policies for disabled people in Denmark. The Open Labour Market Working Paper No. 18. Copenhagen: SFI.

ILO Global Business and Disability Network 2021. An inclusive digital economy for people with disabilities, Fundación ONCE and the ILO Global Business and Disability Network

Jones, Melanie. 2006. Is There Employment Discrimination against the Disabled. Economic Letters 92: 32–37

Kapteyn, A., Smith, J.P., and Van Soest, A., 2011. Work Disability, Work, and Justification Bias in Europe and the U.S. In: David Wise ed. Explorations in the Economics of Aging, University of Chicago Press, 2011, 269-314.



Co-funded by the European Union

Koning, Pierre and Jan-Maarten van Sonsbeek. 2016. Making Disability Work? The Effects of Financial Incentives on Partially Disabled Workers. Discussion Paper No. 9624. IZA Discussion Papers.

Kostol, Andreas Ravndal, and Magne Mogstad. 2014. How Financial Incentives Induce Disability Insurance Recipients to Return to Work. American Economic Review 104.2: 624–55.

Kreider, B., and J.V. Pepper. 2007. Disability and Employment: Reevaluating the Evidence in Light of Reporting Errors. Journal of the American Statistical Association 102.478: 432–41.

Krekó, J., 2019. Effect of employment tax incentives: the case of disability quota in Hungary. No 2019_1, CEU Working Papers

Krekó, J, Bíró, A, Hornok, C, Prinz, D and Scharle, Á 2022. Reactivating disability benefit recipients: implications for employment, income and job quality, Budapest Institute, manuscript

Lalive, Rafael, Jean-Philippe Wuellrich, and Josef Zweimüller. 2009. Do Financial Incentives for Firms Promote Employment of Disabled Workers? A Regression Discontinuity Approach. CEPR Discussion Paper 7373. C.E.P.R. Discussion Papers. https://ideas.repec.org/p/cpr/ceprdp/7373.html

MacDonald, D., Prinz, C., Immervoll, H., 2020. Can disability benefits promote re.employment?: Considerations for effective disability benefit design OECD Social, Employment and Migration Working Papers No. 253., 2020. , OECD Social, Employment and Migration Working Papers. https://doi.org/10.1787/227e7990-en

Maestas, N., K. Mullen and A. Strand 2013. Does disability insurance receipt discourage work? Using examiner assignment to estimate causal effects of SSDI Receipt, American Economic Review, Vol. 103/5, pp. 1797-1829, http://dx.doi.org/10.1257/aer.103.5.1797

Malo, M and Pagan, R. 2014. Hiring Workers with Disabilities when a Quota Requirement Exists: The Relevance of Firm's Size, Chapter 4 in Disadvantaged Workers, 2014, pp 49-63 from AIEL - Associazione Italiana Economisti del Lavoro

Mandico, S.G, Gomez, P.G, Gielen, A. and O'Donnell, O 2016. Back to Work: Employment Effects of Tighter Disability Insurance Eligibility in the Netherlands Netspar Discussion Paper No. 01/2016-012, http://dx.doi.org/10.2139/ssrn.2745224

Meager, N. & Hill, D. 2006. UK national public policy initiatives and regulations affecting disabled people's labour market participation. Brighton: Institute of Employment Studies. Retrieved from: https://www.employment-studies.co.uk/system/ files/resources/files/wp2.pdf

Neumark, D., 2018. Experimental Research on Labor Market Discrimination. Journal of Economic Literature 56, 799–866. https://doi.org/10.1257/jel.20161309

OECD, 2018. Benefit generosity and work incentives for recipients of disability benefits in 12 EU Member States, OECD Publishing, Paris

OECD, 2021. Improving the Provision of Active Labour Market Policies in Estonia, Connecting People with Jobs. OECD. https://doi.org/10.1787/31f72c5b-en

OECD, 2010. Sickness, Disability and Work: Breaking the Barriers. Paris: Organisation for Economic Co-operation and Development. http://www.oecd-ilibrary.org/content/book/9789264088856-en

OECD, 2015. Fit Mind, Fit Job: From Evidence to Practice in Mental Health and Work. OECD Publishing.

Priestley, M., 2018. Mainstreaming disability equality in the European Semester 2019–20 and retrospective analysis, ANED and University of Leeds.

Prinz, C. and Tompson, W. 2009. Sickness and disability benefit programmes: What is driving policy convergence?. International Social Security Review, 62: 41-61. https://doi.org/10.1111/j.1468-246X.2009.01345.x

Rehwald, Kai, Michael Rosholm, and Bénédicte Rouland. 2015. Does Activating Sick-Listed Workers Work? Evidence from a Randomized Experiment. Working Paper hal-01228454. HAL. https://ideas.repec.org/p/hal/wpaper/hal-01228454.html

Reinders Folmer, C.P., Mascini, P., Van der Veen, R.J., 2020. Evaluating social investment in disability policy: Impact of measures for activation, support, and facilitation on employment of disabled persons in 22 European countries. Soc Policy Adm 54, 792–812. https://doi.org/10.1111/spol.12579



Co-funded by the European Union

Reme SE, Grasdal AL, Løvvik C, Lie SA, Øverland S. 2015. Work-focused cognitive-behavioural therapy and individual job support to increase work participation in common mental disorders: a randomised controlled multicentre trial. Occup Environ Med. 2015 Oct;7210.:745-52. doi: 10.1136/oemed-2014-102700

Scharle, Á., Csillag, M., 2016. Disability and labour market integration, Analytical Paper for the European Network of Public Employment Services Mutual Learning, European Commission, May 2016

Scharle, Ágota, and Balázs Váradi. 2013. Identifying Barriers to Institutional Change in Disability Services. WWWforEurope. http://www.budapestinstitute.eu/uploads/WWWforEurope_WPS_no041_ MS92.pdf

Scharle, Ágota, Balázs Váradi, and Flóra Samu. 2015. Policy Convergence across Welfare Regimes: The Case of Disability Policies. WWWforEurope Working Papers series 76. WWWforEurope. https://ideas.repec.org/p/feu/wfewop/y2015m1d0i76.html

Scharle, Ágota. 2013. PES Approaches for Sustainable Activation of People with Disabilities. PES to PES Dialogue. DG Employment, Social Affairs and Inclusion. http://ec.europa.eu/social/BlobS ervlet?docId=10932&langId=en

Shaw, L., Daraz, L., Bezzina, M.B., Patel, A., Gorfine, G., 2014. Examining Macro and Meso Level Barriers to Hiring Persons with Disabilities: A Scoping Review, in: Altman, B.M., Barnartt, S.N. Eds., Research in Social Science and Disability. Emerald Group Publishing Limited, pp. 185–210. https://doi.org/10.1108/S1479-354720140000008011

Strindlund, L., Abrandt-Dahlgren, M., Ståhl, C., 2019. Employers' views on disability, employability, and labor market inclusion: a phenomenographic study. Disability and Rehabilitation 41, 2910–2917. https://doi.org/10.1080/09638288.2018.1481150

Struyven, L 2004. Design Choices in Market Competition for Employment Services for the Long-Term Unemployed, OECD Social, Employment and Migration Working Papers No. 21 https://read.oecd-ilibrary.org/social-issues-migration-health/design-choices-in-market-competition-for-employment-services-for-the-long-term-unemployed_643105306337#page1

UNCRPD, 2006. Convention on the Rights of Persons with Disabilities CRPD. United Nations. https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities.html

Van Oorschot, W., & Hvinden, B. 2000. Introduction: Towards convergence? Disability policies in Europe. European Journal of Social Security, 2, 293–302. https://doi.org/10.1023/A:1011564804757

van Oorschot, W., Hvinden, B., 2000. Introduction: Towards Convergence? Disability Policies in Europe. European Journal of Social Security 2, 293–302. https://doi.org/10.1023/A:1011564804757

van Weeghel, J., Bergmans, C., Couwenbergh, C., Michon, H., de Winter, L., 2020. Individual placement and support in the Netherlands: Past, present, and future directions. Psychiatric Rehabilitation Journal 43, 24–31. https://doi.org/10.1037/prj0000372

Vornholt, Katharina, Patrizia Villotti, Beate Muschalla, Jana Bauer, Adrienne Colella, Fred Zijlstra, Gemma Van Ruitenbeek, Sjir Uitdewilligen & Marc Corbière 2018. Disability and employment – overview and highlights, European Journal of Work and Organizational Psychology, 27:1, 40-55, DOI: 10.1080/1359432X.2017.1387536

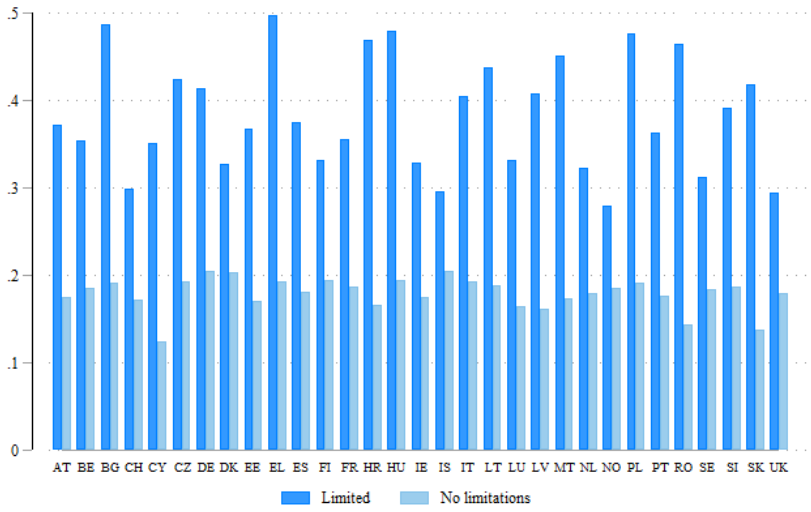
World Bank 2019. Improving Public Employment Services Through Partnerships with Non-Public Providers Synthesis of international experience and implications for Kosovo https://openknowledge.worldbank.org/bitstream/handle/10986/34180/Improving-Public-Employment-Services-Through-Partnerships-with-Non-Public-Providers-Synthesis-of-international-experience-and-implications-for-Kosovo-Technical-Note.pdf?sequence=4


Co-funded by the European Union

# Annex 1. Statistical analysis

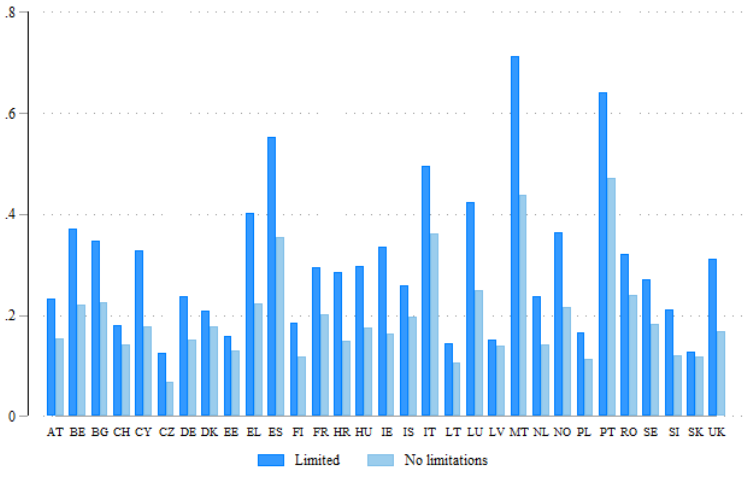
## 1.1. Analysis of EU-SILC

**Figure A1.1 Share of persons aged at least 55 years among persons with any and no activity limitation in daily activities in 2018**




Source: Authors' calculation based on EU-SILC

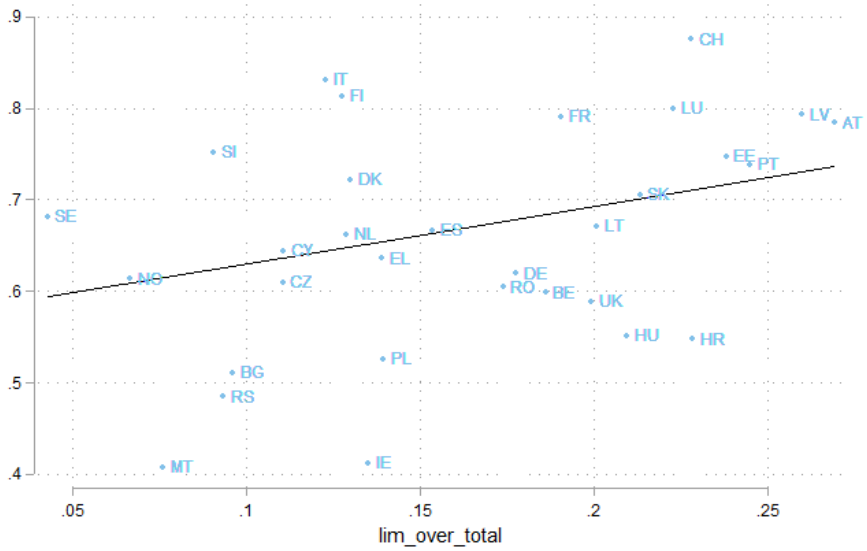
**Figure A1.2 Share of persons with primary or lower secondary education among persons with any and no activity limitation,2018**




Source: Authors' calculation based on EU-SILC


Co-funded by the European Union

**Figure A1.3 Relative employment rate and share of limited in total working age population**




Source: Authors' calculation based on EU-SILC

**Table A1.1 Explanatory factors of inactivity of people with disabilities using EU SILC 2018-2020 (comparison with the active population, within the total population with disabilities)**

| outcome | inactive, benefit added | |
|---|---|---|
| | all limited | severe limited |
| max. primary educ | 0.0732*** | 0.0630*** |
| | (0.00956) | (0.00865) |
| above 55 years | 0.302*** | 0.247*** |
| | (0.0142) | (0.0150) |
| female | 0.0442*** | 0.0189** |
| | (0.00794) | (0.00799) |
| bad_health | 0.0982*** | 0.0873*** |
| | (0.0113) | (0.00854) |
| cronic illness | 0.0554*** | 0.115*** |
| | (0.0108) | (0.0106) |
| unmed education | 0.0376*** | 0.0301*** |
| | (0.00912) | (0.00990) |
| unmed medical needs | -0.133*** | -0.121*** |
| | (0.00953) | (0.00995) |
| has internet access | -0.402*** | -0.253*** |
| | (0.0363) | (0.0244) |
| ever worked | 0.294*** | 0.284*** |
| | (0.0282) | (0.0181) |
| receives benefit | 0.0732*** | 0.0630*** |
| | (0.00956) | (0.00865) |
| country dummies | YES | YES |
| year dummies | YES | YES |


Co-funded by the European Union

| | | |
|---|---|---|
| Observations | 167,894 | 44,340 |
| R-squared | 0.401 | 0.358 |

**Table A1.2 Explanatory factors of job search among people with disabilities using EU SILC 2017-2020 (within the non-employed population with disabilities)**

| | (1) | | (2) | | (3) | |
|---|---|---|---|---|---|---|
| | women | men | women | men | women | men |
| aged below 35 (ref.) | | | | | | |
| aged 35-44 | 0.0164 | -0.0242 | 0.00764 | -0.0253 | 0.00423 | -0.0167 |
| | (0.0121) | (0.0159) | (0.0119) | (0.0160) | (0.0114) | (0.0149) |
| aged 45-54 | -0.00750 | -0.0878*** | -0.0190* | -0.0898*** | -0.0157* | -0.0753*** |
| | (0.00973) | (0.0148) | (0.00975) | (0.0148) | (0.00949) | (0.0139) |
| aged 55- | -0.150*** | -0.243*** | -0.155*** | -0.240*** | -0.137*** | -0.200*** |
| | (0.00864) | (0.0143) | (0.00865) | (0.0144) | (0.00843) | (0.0136) |
| never worked (ref.) | | | | | | |
| little work experience | 0.0872*** | 0.172*** | 0.0872*** | 0.170*** | 0.0797*** | 0.158*** |
| | (0.00604) | (0.0118) | (0.00606) | (0.0119) | (0.00624) | (0.0114) |
| much work experience | 0.0821*** | 0.163*** | 0.0892*** | 0.162*** | 0.0825*** | 0.151*** |
| | (0.00536) | (0.0114) | (0.00562) | (0.0115) | (0.00571) | (0.0107) |
| some experience | 0.119*** | 0.160*** | 0.115*** | 0.142*** | 0.0857*** | 0.155*** |
| | (0.0168) | (0.0205) | (0.0172) | (0.0208) | (0.0140) | (0.0297) |
| exit within a year | 0.246*** | 0.322*** | 0.247*** | 0.319*** | 0.243*** | 0.309*** |
| | (0.0130) | (0.0162) | (0.0130) | (0.0163) | (0.0129) | (0.0159) |
| city (ref.) | | | | | | |
| town | -0.0182*** | -0.00699 | -0.0110** | -0.00416 | | |
| | (0.00497) | (0.00687) | (0.00498) | (0.00704) | | |
| village | -0.0274*** | -0.0129** | -0.0180*** | -0.00803 | | |
| | (0.00480) | (0.00632) | (0.00489) | (0.00654) | | |
| has internet at home (ref) | | | | | | |
| cannot afford internet | 0.0372*** | 0.0598*** | 0.0510*** | 0.0692*** | 0.0512*** | 0.0614*** |
| | (0.00709) | (0.00958) | (0.00742) | (0.00991) | (0.00760) | (0.00991) |
| no internet, | -0.0295*** | -0.0284*** | -0.0203*** | -0.0217*** | -0.0235*** | -0.0273*** |
| other reason | (0.00328) | (0.00482) | (0.00331) | (0.00492) | (0.00330) | (0.00518) |
| primary education (ref.) | | | | | | |
| secondary education | -0.00533 | -0.0163*** | 0.0130*** | -0.000483 | 0.0164*** | 0.00707 |
| | (0.00436) | (0.00569) | (0.00475) | (0.00663) | (0.00465) | (0.00657) |
| tertiary education | 0.00652 | 0.0181* | 0.0136* | 0.0245** | 0.0237*** | 0.0276** |
| | (0.00770) | (0.0109) | (0.00778) | (0.0113) | (0.00753) | (0.0107) |
| severe limitation | -0.0271*** | -0.0574*** | -0.0218*** | -0.0532*** | -0.0276*** | -0.0571*** |
| | (0.00461) | (0.00541) | (0.00463) | (0.00563) | (0.00449) | (0.00563) |
| benefit receipt | -0.0956*** | -0.131*** | -0.0902*** | -0.127*** | -0.0923*** | -0.136*** |
| | (0.00438) | (0.00597) | (0.00435) | (0.00647) | (0.00414) | (0.00591) |
| 2018 | 0.000201 | 0.00120 | 0.00203 | 0.00241 | 0.00251 | -0.00641 |
| | (0.00670) | (0.00835) | (0.00671) | (0.00839) | (0.00647) | (0.00826) |
| 2019 | 0.00273 | 0.000289 | 0.000147 | -0.000328 | -0.00741 | -0.0163* |
| | (0.00656) | (0.00880) | (0.00655) | (0.00888) | (0.00619) | (0.00850) |


Co-funded by the European Union

| | (1) | | (2) | | (3) | |
|---|---|---|---|---|---|---|
| | **women** | **men** | **women** | **men** | **women** | **men** |
| 2020 | -0.0270*** | -0.0709*** | -0.0415*** | -0.0797*** | -0.0485*** | -0.0990*** |
| | (0.00519) | (0.00735) | (0.00564) | (0.00768) | (0.00540) | (0.00735) |
| AT (reference) | | | | | | |
| FI | | | 0.0224** | 0.0127 | 0.0252** | 0.0151 |
| | | | (0.0107) | (0.0144) | (0.0107) | (0.0144) |
| HU | | | -0.0187** | -0.0536*** | -0.0202** | -0.0546*** |
| | | | (0.00801) | (0.0118) | (0.00803) | (0.0118) |
| NL | | | | | 0.00820 | -0.0312** |
| | | | | | (0.00963) | (0.0143) |
| PT | | | 0.0408*** | -0.0140 | 0.0435*** | -0.0101 |
| | | | (0.00841) | (0.0123) | (0.00838) | (0.0122) |
| UK | | | -0.0259* | -0.0429** | -0.0186 | -0.0377** |
| | | | (0.0134) | (0.0167) | (0.0132) | (0.0164) |
| (Other country dummies) | | | | | | |
| Constant | 0.170*** | 0.239*** | 0.138*** | 0.238*** | 0.126*** | 0.229*** |
| | (0.00849) | (0.0113) | (0.0107) | (0.0156) | (0.0102) | (0.0145) |
| Observations | 83,308 | 59,506 | 83,308 | 59,506 | 92,033 | 65,523 |
| R-squared | 0.129 | 0.178 | 0.146 | 0.189 | 0.130 | 0.167 |

Robust standard errors in paranthesis. *** p<0.01, ** p<0.05, * p<0.1

(1 ) without controlling for country-specific differences; (2) controlling for country-specific differences, including countries where information on residence is available (3) controlling for country-specific differences, including all countries

## Table A1.3 Composition of inactive persons with any activity limitations in 2019

| | % in population | | % in lim | % in inactive limited population | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | limited | severely limited | inactive | at least 2 barriers | primary education | min. 55 years old | never worked | bad health/ chronic ill | severely limited |
| IE | 13 | 4 | 60 | 83 | 50 | 46 | 95 | 25 | 38 |
| EL | 11 | 4 | 57 | 93 | 54 | 64 | 91 | 37 | 49 |
| MT | 9 | 2 | 55 | 92 | 83 | 57 | 91 | 22 | 23 |
| BG | 10 | 2 | 54 | 87 | 43 | 61 | 95 | 23 | 29 |
| HU | 20 | 5 | 53 | 92 | 38 | 69 | 99 | 14 | 39 |
| RO | 17 | 3 | 53 | 81 | 39 | 66 | 74 | 31 | 30 |
| PL | 17 | 5 | 52 | 88 | 24 | 66 | 96 | 16 | 35 |
| HR | 26 | 7 | 51 | 86 | 41 | 67 | 90 | 20 | 34 |
| BE | 21 | 7 | 50 | 84 | 47 | 48 | 88 | 26 | 51 |
| ES | 12 | 2 | 45 | 90 | 69 | 55 | 94 | 23 | 24 |
| NO | 16 | 5 | 44 | 81 | 44 | 41 | 97 | 8 | 42 |
| SK | 24 | 6 | 41 | 86 | 24 | 67 | 91 | 19 | 44 |
| NL | 27 | 5 | 41 | 73 | 36 | 52 | 87 | 9 | 34 |
| LU | 21 | 6 | 40 | 75 | 45 | 50 | 78 | 29 | 33 |
| CZ | 20 | 5 | 38 | 87 | 18 | 69 | 98 | 9 | 38 |
| LT | 23 | 3 | 38 | 80 | 20 | 57 | 91 | 20 | 30 |
| CY | 16 | 4 | 37 | 92 | 49 | 53 | 98 | 29 | 44 |


Co-funded by the European Union

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| IT | 11 | 2 | 35 | 82 | 60 | 63 | 63 | 35 | 32 |
| DE | 19 | 6 | 35 | 87 | 22 | 58 | 99 | 9 | 51 |
| FR | 19 | 7 | 34 | 87 | 44 | 54 | 90 | 21 | 46 |
| EE | 27 | 7 | 32 | 84 | 38 | 47 | 90 | 24 | 42 |
| PT | 25 | 5 | 32 | 95 | 86 | 58 | 89 | 30 | 29 |
| AT | 26 | 5 | 31 | 79 | 29 | 61 | 86 | 17 | 33 |
| LV | 31 | 4 | 31 | 80 | 24 | 55 | 94 | 17 | 27 |
| DK | 29 | 6 | 30 | 69 | 35 | 48 | 85 | 20 | 35 |
| SI | 21 | 6 | 30 | 84 | 37 | 67 | 82 | 19 | 34 |
| SE | 10 | 3 | 29 | 77 | 43 | 31 | 92 | 31 | 40 |
| FI | 29 | 5 | 28 | 70 | 26 | 41 | 87 | 23 | 27 |
| CH | 25 | 4 | 26 | 62 | 25 | 43 | 83 | 21 | 31 |
| min | 9 | 2 | 26 | 62 | 18 | 31 | 63 | 8 | 23 |
| max | 31 | 7 | 60 | 95 | 86 | 69 | 99 | 37 | 51 |
| average | 20 | 5 | 41 | 83 | 41 | 56 | 89 | 22 | 36 |

## 1.2 Analysis of ESS

**Table A1.4 Employment status by being hampered in daily activities* in the population aged 16-66, not in full time education, using ESS 2018/2019**

| | Not hampered | To some extent hampered | Hampered a lot | Together |
|---|---|---|---|---|
| % working | 78 | 62 | 34 | 73 |
| of those not working: % unemployed, looking for work | 24 | 15 | 6 | 20 |
| % unemployed, not looking | 11 | 11 | 10 | 11 |

**The question was: „Are you hampered in your daily activities in any way by any longstanding illness, or disability, infirmity or mental health problem? If yes, is that a lot or to some extent?" About 16% of the labour force (age 16-66, not in full time education) reported to be hampered a lot, and 5% to some extent.*
*Source: authors' analysis of ESS 2018*

**Table A1.5 Employment rate by disability status, controlling for age, education and residence**

| | some extent | a lot | constant |
|---|---|---|---|
| paid work (controlling for disability only) | -0.1537 | -0.4350 | 0.7777 |
| paid work, cf disability, age, education | -0.1073 | -0.3607 | 0.6909 |
| paid work, cf demographics + location | -0.1184 | -0.3743 | 0.7713 |
| paid work, cf + subjective health status | -0.0765 | -0.2457 | 0.7718 |

*Source: authors' analysis of ESS 2018*

Estimates based on SILC and ESS differ somewhat in the size of the coefficients (i.e. the "importance" of some variables contributing to labour market participation), but the overall picture is the same. The extent of the labour market disadvantage of people with disabilities tends to vary with the extent they


Co-funded by the European Union

are hampered in their daily activities. Table A4 and A5 present some indicators that capture labour market inclusion and social inclusion in ESS. The employment rate of people who are hampered a lot in their daily activities is 43.5 %points below that of people with no limitation in their daily activities. For those who experience some limitation (but not „a lot"), the gap is 15.4% points. Some of the gap in employment can be attributed to differences in the composition of these groups: people with disabilities are on average older and less educated. Once we control for these differences, the gap is 36 % points and 10.7 % points, depending on degree of activity limitation. Another, fairly large part of the gap can be attributed to differences in health condition: bad health tends to reduce labour force participation, and, activity limitation is often coupled with bad health. However, the employment gap remains large even after controlling for health status, especially those with more severe limitations in daily activities.

Unemployment (among those not working) is significantly more common among those reporting an illness or disability that hampers their daily activities a lot. Past experience of unemployment is significantly more common among those who reported that their daily activities were hampered to some extent (but not a lot).


Co-funded by the European Union

# Annex 2. Interviews

## 2.1. Interview with Katalin Vég, Hungary

Katalin Vég is executive partner at a civil Hungarian service provider, the Salva Vita Foundation. The interview was conducted on 10.12.2021.

*How has the environment changed for the last 10 years as for the operation of rehabilitation services?*

Rehabilitation services have been increasingly centralised by the Government in the recent years. While previously (about 6 years ago) there were up to 60-70 service providers in the country, their number has dropped significantly, now there are approximately 30 accredited providers left. The reasons for the significant decrease in the role of external service providers are the lack of cooperation with public authorities and service providers, and the unpredictable, insufficient funding opportunities.

*How are non-profit service provider NGO-s are financed?*

As for the source of funding, in previous years NGOs could access public funds, EU tenders to finance their operation. After these programmes ran out, public tenders and other financial supports reduced to a minimum level – especially in the capital and in the central region of Hungary. Civil organizations attempted to cover the costs of their services with large EU-funded grants, however these sources have been mainly regulated and allocated by central authorities who involved NGOs marginally in the process.

*What is the form of cooperation, if any, between NGO service providers and public service providers?*

External service providers have experienced limited options in their daily operation due to updated conditions of tender schemes and inefficient bureaucratic procedures. Over time, public institutions have not even initiated cooperation with civil organisations or asked for their expertise. As a result of the limited capacity of NGO service providers, their umbrella organization, called Munkaesély Szövetség, lost its role and significance.

At the same time, it is also apparent that large, public service providers that have access to resources may not be able to operate with the level of efficiency and personalised service delivery that this specific target group would require, and that NGOs are specialised in and would provide.

*Are there any policy recommendations you would like to draw attention to?*


Co-funded by the European Union

All in all, it seems that insufficient financial sources, unpredictable regulation, lack of cooperation between different stakeholders make NGOs vulnerable and thus are the most important problems in providing accessible, sufficient and efficient rehabilitation services in Hungary. Second, reducing the financial dependence and vulnerability of NGOs to the state could increase their efficiency.

*How do you assess the capacity of service providers compared to the need of disabled persons who would like to work?*

The capacity of service providers compared to the need of disabled persons who would like to work is scarce. In 2021, Salva Vita has have 200 clients, they have been able to provide only 50 clients with their service due to the limited resources. Lately, because of the high number of clients, they have not been able to reach out to inactive disabled persons who are not looking for job actively.

*How can you reach out to clients?*

Their present client base was reached by networking, contacting schools or employment agencies, or using online channels. Since Salva vita is a well-known organisation (having operated for 28 years), for people in need they are familiar. Formerly, public employment agencies used to transfer clients to NGOs, but the cooperation with government agencies today reduced to a minimum level.

*Are there any other / What are the major difficulties and barriers in the labour inclusion of disabled in your country?*

Besides the limited resources and the lack of cooperation with public authorities, the main barriers include inflexibility of companies and skills mismatch from the demand side and the increasing number of less-skilled, hard-to-place clients from the supply side. Service providers hardly have the capacity to reach out to inactive clients living in smaller cities and villages, whose situation is worsened by the transportation difficulties. They have also experienced an increase in the number of young clients without any education, people with dual diagnosis in the recent years where rehabilitation would require more resources than the organisations can currently provide.

## 2.2. Written response by ARCIL, Portugal (excerpt)

*Could it be that the availability of vocational rehabilitation improved so much to explain this increase? Or were there some other factors?*
There has been an increase in the employment rate of people with disabilities since 2012 because there is effectively

- Increase in the demand for employment and IEFP Employment Services by PWD, i.e. there is an increase in the number of people with disabilities (PWS) registered in IEFP, for qualification actions and professional insertion.


Co-funded by the European Union

- Increase of the Network of Resource Centers for Qualification and Employment and improvement of cooperation between the entities specialized in professional rehabilitation of PWD and the public services, which translates into the improvement of the services provided.
- Reinforcement of support measures for the Employment of PWD - CEI+, Insertion Internship, EAMA (the latter measure grew 532% between 2015-2018, from 173 to 1093 beneficiaries).
- There was no significant increase in financial support until 2017, but an important growth is observed from that date, until 2020.

*Qualification services for people with disabilities*

In Portugal, the significant increase in funding for Vocational Educational Training actions has promoted the acquisition of personal and professional skills of people with disabilities, contributing concomitantly to the increase in their employability. The funds of the current European Community framework have strongly boosted the development of training actions for people with disabilities, as Vocational Training is mainly financed by the European Social Fund (ESF), notably through the Operational Program for Social Inclusion and Employment (POISE), which aims at social inclusion and increased employability.

These actions aimed at people with disabilities are mainly provided by Private Social Solidarity Institutions (IPSS) that allow a joint response of vocational training with psychosocial support. Such articulation is a key aspect for the success that has allowed in recent years the increase in employability already mentioned.

As defined in the Portuguese legislation, Vocational Educational Training aims at the acquisition and development of professional skills oriented to the exercise of an activity in the labor market, with the purpose of enhancing the employability of people with disabilities, easing them with adjusted skills that promote entry, re-entry or permanence in the world of work. The training is provided according to the National Catalogue of Qualifications (CNQ).

The inclusion in the open labor market is promoted by the Centers of Resources for Employment (CR), through a process of mediation between trainees integrated in this measure and employers, while addressing aspects relating to accessibility, job adaptation, the development of general employability skills, as well as raising awareness among employers of the advantages of hiring this public, supporting the applicant in the active search for employment and in the creation of their own employment.

There is a possibility that the existence of social support grants such as training grants, transport allowance and meal subsidizing, allocated in the context of Vocational Educational Training, may contribute to the decrease in the employability rate, as in recent years there has been an increase in the recurrence of trainees in vocational training courses.

Regarding employability, we can say that on average 40% of trainees have professional placement. As far as social inclusion is concerned, the results are clearly superior, since most trainees return to the full exercise of citizenship, performing social and domestic life management autonomously after participating in the whole Vocational Educational Training process.


Co-funded by the European Union

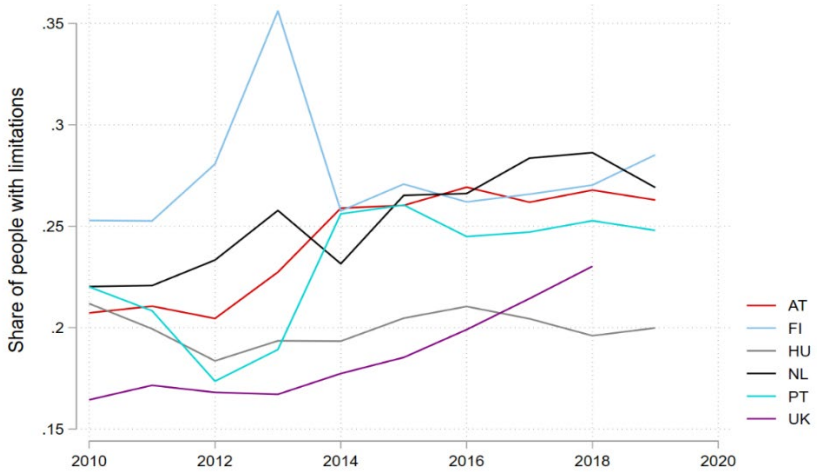
# Annex 3. Case studies of six selected countries

This Annex presents recent developments in disability policies in six selected countries: Austria, Finland, Hungary, Portugal, the Netherlands, and the UK. A brief overview of labour market and policy trends is followed by a detailed description of disability policies. The case studies are based on desk-top research, the analysis of EU-SILC and a few interviews. The main focus is on policy features that may hinder or support labour market participation. Thus, when describing disability benefits (typically available to those not working or looking for work), we provide more detail on behavioural conditions (if any, such as participation in employment rehabilitation) and rules allowing the combination of benefits with work, than on the entitlement rules determining access and benefit adequacy.

## Trends in the population reporting activity limitation

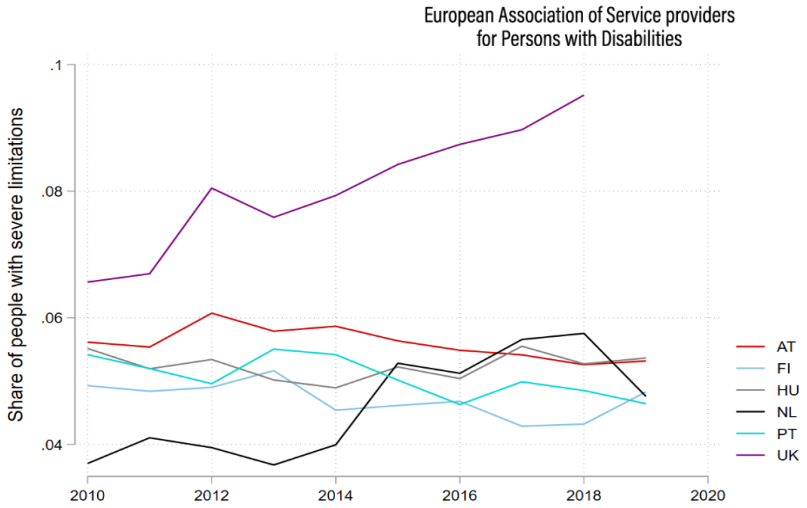
The share of the population reporting some or severe limitation in daily activities increased in most of the six countries since the global economic crisis in 2008-2011. The rise was highest in Austria and Portugal, where the share of the population with activity limitation was already rather high (Figure A3.1).

*Figure A3.1 Share of people reporting limitations in daily activities in six countries*





Co-funded by the European Union

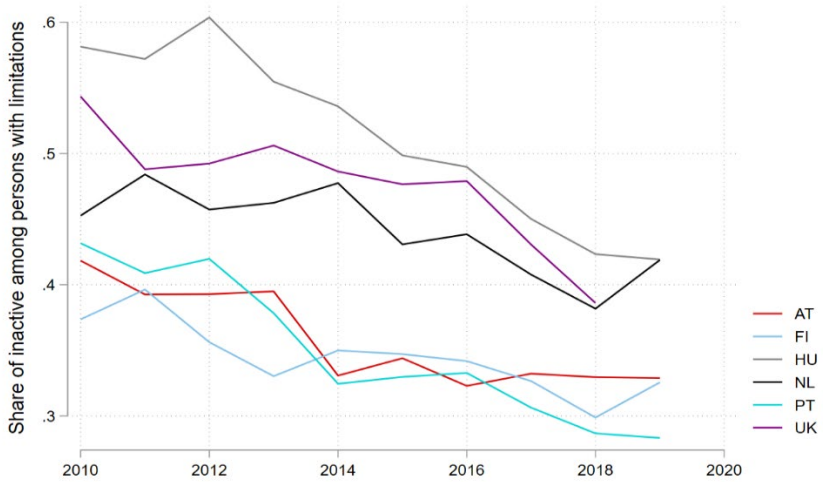



Source: Authors' calculations based on EU-SILC 2010-2019. Share in 16-64 year-old population.

In the UK, the overall incidence of activity limitation was not as high, but that of severe limitations was steadily increasing and ranked the highest among the six countries in 2018.

The share of the inactive among people with any activity limitations has decreased in all sample countries since 2010 (Figure A3.2). In 2019, the relative employment rate of people with mild or severe limitations in daily activities was highest in Austria, Finland and Portugal, and the lowest in Hungary. The relative rate tended to increase in the six sample countries since 2011, with the exception of the Netherlands, where a slight decline was observed (Figure A3.3). The rise was spectacular in Portugal and also remarkable in Austria and Hungary.

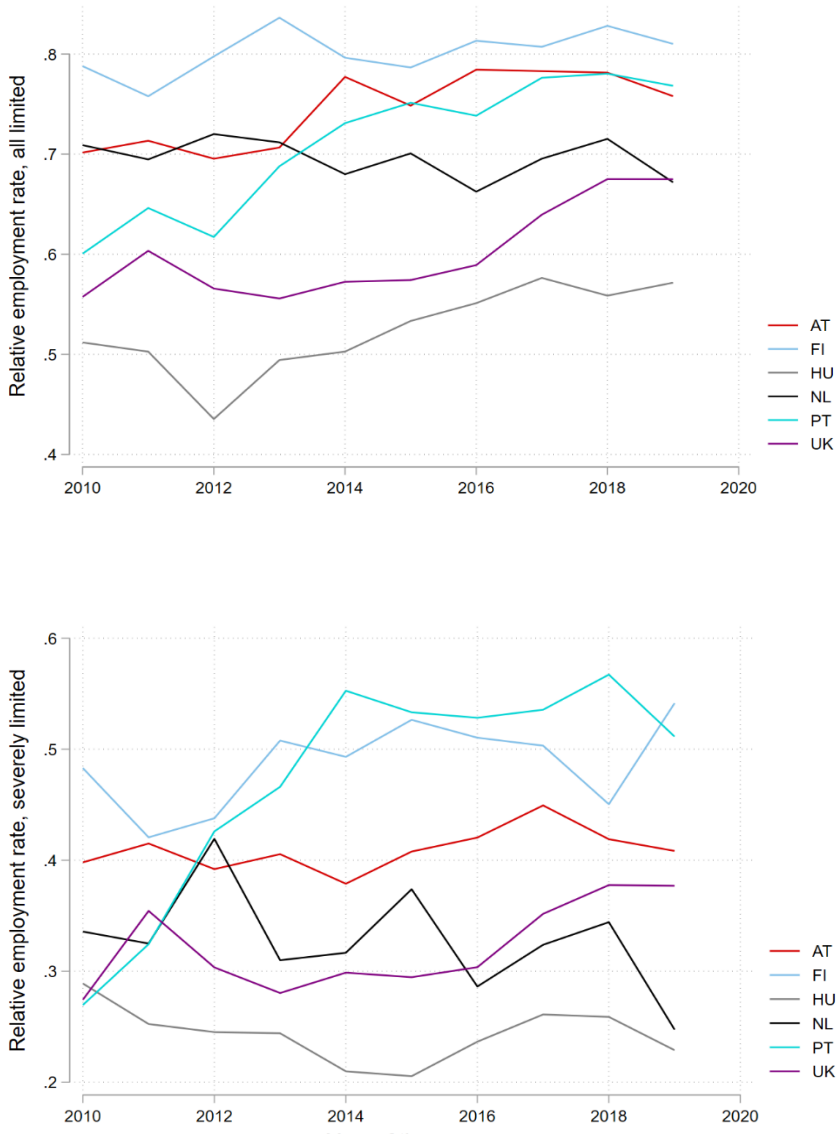
*Figure A3.2 Share of inactive population among people with activity limitations in selected countries*




Source: authors' calculations based on EU-SILC 2010-2019. Share in 16-64 year-old population.


Co-funded by the European Union

*Figure A3.3 Relative employment rate of people with some or severe limitation in daily activities in selected countries*



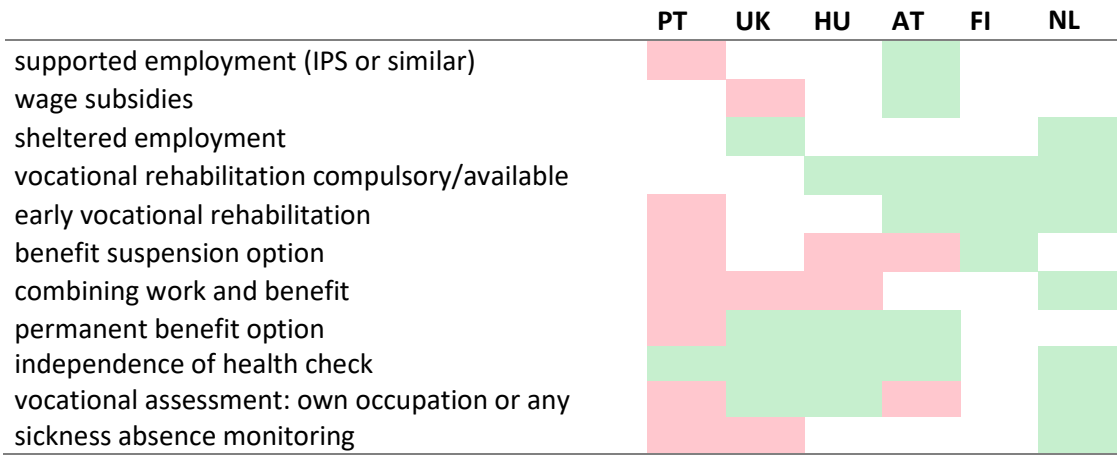

Source: authors' calculations based on EU-SILC 2010-2019. Population aged 16-64 years.

## Overview of disability policies

Considering the elements of disability policy that may contribute the most to labour market inclusion (according to our analysis in the main part of this study), the selected six countries display large variations. In Table A1, red cells mark policies that are considered to discourage employment (on the supply or demand side), while green cells mark policies that provide incentives or support. The Portuguese system seems to have the fewest of such incentives and support, while the Netherlands comes first, with Finland and Austria closely following suit.


Co-funded by the European Union

*Table A3.1 Elements of disability policies in six selected countries*




Note: The uncoloured cells represent the middle case on a 5 point scale, red cells mark policies that are considered to discourage employment (on the supply or demand side), while green cells mark the availability and accessibility of policies that provide incentives or support for employment. The assessment is based on the scoring system of the OECD (OECD 2010). The scores were available for 2014 for most countries (Scharle et al. 2015, Scharle-Csillag, 2016) except for Finland (2013) and Portugal (2007), and updated to 2021, where possible. Information on current practices was especially scarce regarding vocational rehabilitation.

According to available data sources (such as MISSOC and ANED reports), there were few changes in disability policies supporting labour market integration[14] in these countries since 2010, except that work incentives were introduced or disincentives removed in Hungary and Portugal and some adjustments in the Dutch system. This suggests that policy reforms played a minor role in the observed improvements in the relative employment rates while other factors such as the educational composition of the population with activity limitations may have been more important.

## Finland

Of the six countries, the Finnish system seems to perform best in ensuring labour market inclusion. The share of people with activity limitation is low, while their relative employment rate is high. While the benefit system is quite generous, it is also fairly well targeted on those who need it, and includes considerable support and encouragement for returning to work. The strongest supportive elements include (1) early and compulsory vocational rehabilitation, which is also relatively well funded and (2) the option to suspend benefit receipt during short-time opportunities for work.

[14] Changes relating to the accessibility and replacement rate of benefits are not considered in this section.


Co-funded by the European Union

## 1. Cash benefits for income replacement

In the Finnish social security system, benefit payments are mainly administered by the Social Insurance Institution (Kela), authorised pension providers or by unemployment funds.

### *1.1 Sickness benefit*[15]

Sickness benefits can be claimed by both employees and the unemployed and are conditional on medical certificates. For those in employment, employers pay the full salary during the first nine days of illness. Sickness benefit is payable for a maximum of 300 days. During the entitlement period, Kela evaluates the need for rehabilitation, and further benefit payments are conditional on an updated health statement. After 150 days of sickness, rehabilitation options are provided for the recipient. When the sickness benefit payment ends, in case of being unfit for work, they can apply for disability pension.

The amount of the benefit depends on the annual income. There is a minimum amount for those below a given income threshold.[16] Partial sickness benefit is also available for a maximum of 120 working days and can be combined with paid work. For partial sickness benefits, working time must be reduced to 40-60%.

After sickness benefit, rehabilitation benefit can be paid to those beneficiaries who participate in a rehabilitation measure (determined by Kela or other pension provider) that lasts at least four hours a day (including travel time) and daily working hours are reduced by 40% or more. It is payable until participating in rehabilitation.

### *1.2 Disability pension*[17]

After sickness benefit if a person's capacity to work is not restored, they can apply for disability pension. Authorised pension providers cover the pension of beneficiaries with employment record, while Kela pays pension to those who do not have a sufficient employment history. Detailed evaluations and medical statements are needed on the health status and the work ability of the claimant. Only those are eligible for the pension who due to illness or injury cannot earn a reasonable living.

There are two types of disability pension, partial and full. With a work capacity of maximum 40% left, full pension can be granted, while the partial disability pension is granted to those with 41-60% of remaining work capacity. Re-evaluation of the incapacity status is not specified (until beneficiaries return to work or are obliged by pension providers). Assessments are made by the health expert of the pension provider partly based on the documentation provided by the treating doctor. Disability pensions are payable until old-age pension as long as the main

[15] ANED (2019b), European Commission (2021), MISSOC (2021a)
[16] For the exact calculation method, see MISSOC (2021a).
[17] ANED (2019b), European Commission (2021), MISSOC (2021a)


Co-funded by the European Union

eligibility conditions are fulfilled. Partial disability pension is suspended for 3-24 months if the earnings reach 60% of the pensionable salary.

**2. Cash benefits to cover costs related to disability**

*2.1 Reimbursement of travel costs*

There is reimbursement for the travel costs from Kela for travelling to a public or private healthcare provider because of illness or rehabilitation. Municipalities to support people with disabilities provide mobility services by reimbursing travel expenses and arranging travel assistance.[18]

**3. Services to support re-employment**

Kela, PES, municipalities as well as NGOs have a substantial role in the labour market integration of people with disabilities (Eurofound, 2021, OECD, 2020).

*3.1 Vocational rehabilitation*[19]

Vocational rehabilitation is provided by Kela to claimants with insufficient work history, and by pension institutions or insurance companies (for those with an occupational disease). Municipalities, public employment services and NGOs also provide support to employees and employers regarding vocational rehabilitation (ANED, 2019a).

*3.2 Supported employment*

PES and some municipalities offer measures that take a work-first approach and provide counselling, mentoring and training before, during and after work placement. PES offer *work try outs*, which provide short, unpaid, work experience to gain some labour market experience while at the same time help to clarify their vocational skills, training needs and career choice options. The try-out lasts for a maximum of 12 months. During work try-outs, participants have continued payment of the benefits they were eligible for at the start of the try out (OECD, 2020).

PES also have rehabilitative work experience programmes for unemployed jobseekers facing multiple employment barriers. With the help of the employment office and the local government, participants draw an activation plan and service providers help them arrange their work experience and continue to assist them during the entire process. These supported work experiences last 3 to 24 months. The costs incurred by local governments are reimbursed by the central government (OECD, 2020).

The municipality of Helsinki has a job coaching service.[20]

[18] https://stm.fi/en/disability-services.
[19] https://www.kela.fi/web/en/vocational-rehabilitation
[20] https://www.hel.fi/helsinki/en/administration/administration/services/service-description?id=2885


Co-funded by the European Union

## 4. Demand incentives and direct measures

The main demand-side incentive is the wage subsidy. There is no quota system in Finland.

### *4.1 Wage subsidy*

Registered unemployed jobseekers aged 30 or over can be eligible for subsidised wages. The subsidy covers up to 50% of the costs experienced by the employer in the first 12 months and a maximum of 30% thereafter. The amount and the duration of the subsidy depend on the time in unemployment and the distance of the jobseeker from the labour market, and are decided by the Employment and Economic Development Office (TE Office). The subsidy period lasts for a maximum of 24 months. Wage subsidy programmes are mainly run by PES offices (OECD, 2020).

## 5. Recent measures

### *5.1 Pension reform*

The pension reform of 2017 gradually increased the standard retirement age to 65 and phased out early pensions with an aim to increase the effective retirement age and strengthen the sustainability of the pension fund. The reform induced a significant decline in the number of new retirees on an old-age pension, but increased inflows into the disability pension (OECD, 2020).

### *5.2 Work Ability Programme*

The Finnish government introduced the Work Ability Programme in 2019 (ongoing), with an aim to increase the employment of people with a disability. The programme is coordinated by the Ministry of Social Affairs and Health and the Ministry of Economic Affairs and Employment and implemented through the cooperation of various actors such as employment organizations, public employment services and health institutions. The programme aims to introduce and design new solutions to enhance the effectiveness of services and operating models. There have been several pilot projects included in the strategy such as the *Jobs through public procurement* project. This pilot introduced a requirement that suppliers to municipalities should employ a certain number of disadvantaged people. The initiative created new jobs, especially in social and healthcare services, without leading to higher prices for municipal purchases, but required a lot of administration (Eurofound, 2021, Finnish Government, 2021).

### *5.3. Individual Placement and Support*


Co-funded by the European Union

Publicly funded IPS pilots for people with mental disabilities were launched in five locations in 2021.[21]

### References

ANED, 2019a. Country report on the European Semester – Finland. https://www.disability-europe.net/country/finland

ANED, 2019b. Country report on disability assessment – Finland. https://www.disability-europe.net/country/finland

Eurofound, 2021. Disability and labour market integration: Policy trends and support in EU Member States, Publications Office of the European Union, Luxembourg

European Commission, 2021. Employment, Social Affairs & Inclusion. Policies and activities. Finland. https://ec.europa.eu/social/main.jsp?catId=858&langId=en

Finnish Government, 2021. Work Ability Programme – Overview. https://yhteistyotilat.fi/wiki08/download/attachments/64438125/EN_Ty%C3%B6kykyohjelma%20perusesittely_LYHYT_joulukuu%202021.pdf?version=1&modificationDate=1641369362634&api=v2

Ministry of Social Affairs and Health, 2020. New programme to boost employment through public procurement. https://tem.fi/en/-/new-programme-to-boost-employment-through-public-procurement.

Ministry of Social Affairs and Health, 2021. Services and support for people with disabilities. https://stm.fi/en/disability-services

MISSOC, 2021a. MISSOC database. Finland. Mutual Information System on Social Protection. https://www.missoc.org/missoc-database/comparative-tables/

MISSOC, 2021b. Organisation of Social Protection. Finland. Mutual Information System on Social Protection. https://www.missoc.org/documents/organisation/2021_01/org_2101_fi_en.pdf

OECD, 2020. A People-centred Perspective on Employment Barriers and Policies – Faces of Joblessness in Finland. OECD. https://www.oecd.org/els/soc/OECD-2020-FoJ-Finland.pdf

## Austria

Austria exhibits the highest share of people with activity limitation among European countries, and their relative employment rate is among the highest. In contrast, the share of those with severe limitation is rather close to EU average while their relative employment is a bit below the average. This duality probably might be traced back to the mixed features of the disability policy system.

On the positive side, a broad range of innovative services are provided by PES and the Network for Occupational Assistance with cooperation with stakeholders, private actors, and NGOs. Meanwhile, the needs of persons with more severe disabilities are not addressed sufficiently

[21] https://thl.fi/en/web/thlfi-en/research-and-development/research-and-projects/ips-individual-placement-and-support-project


Co-funded by the European Union

as the services are broadly targeted. The employment of severely disabled people in segregated sheltered workshops is still prevalent.

**1. Cash benefits for income replacement**

*1.1 Sickness Benefit*[22]

There are three types of benefits available to claimants: sickness benefit, rehabilitation benefit and reintegration benefit after long-term illness. Sickness benefit can be granted to employees with paid employment, unemployed people with unemployment insurance and vocational rehabilitation participants for at least 26 weeks. Rehabilitation benefit is available for those who are partially invalid for at least 6 months without pension eligibility and approves of participation in medical rehabilitation. It is payable while medical rehabilitation is taken. A new sickness benefit scheme, reintegration benefit was introduced in 2017 for those who plan to resume working after a long-term illness. It is not part of the social security scheme but agreed on between employers and employees. Under this scheme, beneficiaries are supported by cash benefit for 6 months while working part-time. Both employees and employers get support and counselling in their reintegration plan by fit2work[23] and occupational health experts. Employers are obliged to continue to pay wages for workers for a period of 6 to 12 weeks depending on the employment history. While receiving continued payment, they cannot be eligible for sickness or rehabilitation benefit. For the unemployed, sickness benefits can be granted and thus the period of unemployment benefit is extended.*1.2 Disability Pension*[24]

The disability benefit system distinguishes between temporary and permanent disability. Persons with disabilities are either considered capable of work or not: if there is a reduction in capacity for work of at least 50%, claimants are permanently disabled. In case of temporary disability (expected to last at least 6 months) there is a prospect for recovery. Claimants can get retraining benefit from Labour Market Service to which vocational rehabilitation measures are attached (see 1.3) or rehabilitation benefit from health insurance funds which requires beneficiaries to actively participate in medical rehabilitation measures to enhance their employability. As for permanent disability, there is no prospect for recovery. In this case, disability pension can be granted. To qualify for disability pension, 60 months insurance history within the previous 120 months is needed except for employment accidents, occupational diseases. Entitlements are assessed and certified by a medical doctor. However, entitlements are usually decided case by case. The assessment procedures are usually coordinated by claim assessment centres, where besides doctors, the Public Employment Service and the Centre for Vocational Education and Rehabilitation are involved if necessary.

[22] ANED (2019b), European Commission (2021), MISSOC(2021a)
[23] The fit2work programme (consultation centre) provides free-of-charge services for employees with mental and physical health problems and also offers counselling and coaching for companies.
[24] ANED (2019b), European Commission (2021), MISSOC(2021a)


Co-funded by the European Union

As for the vocational assessment criteria, there is occupational protection for skilled and semi-skilled blue-collar and white-collar claimants and for people above the age of 60 (for all occupational groups), that is work incapacity is assessed if the claimants are not able to continue working in their own professional group. However, there is no occupational protection for unskilled and semi-skilled workers. After the assessment, beneficiaries are provided with support from health insurance funds and rehabilitation measures. Assessments are reviewed one year after temporary disability benefits are granted, while permanent disability pension is granted for an indefinite period. The amount of the pension does not depend on the degree of invalidity but the total income. Disability pension can be combined with earnings, but above a threshold, the pensions is reduced by 30-50% depending on the level of earnings.

*1.3 Unemployment benefit*

Unemployment benefits are provided to both employees in paid employment and participants of vocational rehabilitation. There are built-in incentives for beneficiaries to make an effort to re-enter the labour market after benefit entitlements. After completion of vocational rehabilitations or participation in follow-up trainings / reintegration measures / work foundations (organised by the Labour Market Service), the duration of payments is extended. There is a specific benefit arrangement to assist unemployed into employment, called retraining benefit. Persons expected to have temporary invalidity for at least 6 months and willing to actively participate in vocational rehabilitation measures are entitled to the benefit. In the first phase of entitlement, during the rehabilitation planning period, the amount equals to the unemployment benefit, but after participation in the measures starts the benefit rate is increased. In case of refusal to participate in reintegration measures, the payments are suspended (MISSOC, 2019a).

**2. Cash benefits to cover costs related to disability**

*2.1 Training allowance*

People with disabilities participating in training or an apprenticeship are entitled to training allowance to compensate for the additional disability-related costs (BMSGPK, 2020).

*2.2 Mobility support*

Workplace-related mobility support (issued by the Sozialministeriumservice) can be claimed in case the use of public transport is not possible due to disability or impairment. It covers reimbursement for travel costs or grants for the purchase or adaptation of a vehicle (BMSGPK, 2020)

**3. Services to support re-employment**

The main responsible body for disability policies is the Ministry of Social Affairs. The PES plays a crucial role in the labour market integration of vulnerable groups. Many PES offices have dedicated rehabilitation counsellors to service disabled jobseekers. Other organizations, such as NGOs also provide rehabilitation services (BMSGPK, 2020).


Co-funded by the European Union

*3.1 Vocational rehabilitation*

Measures to promote the labour market integration of people with disabilities are financed by the Ministry of Social Affairs, using revenues from the non-compliance tax on the obligatory employment quota, European Structural Funds, and the public budget.

The national public employment service (AMS) provides benefits to employers and employees, vocational rehabilitation, job preparation, job trials and job coaching (Hajnal and Scharle, 2022, MISSOC, 2021b).

Part of the budget of the PES goes to the Network for Occupational Assistance (NEBA) to finance programmes targeting individuals whose reintegration process takes longer time to achieve any improvement and need personalised support measures (BMSGPK, 2020). NEBA coordinates several support schemes (BMSGPK, 2020). Vocational training assistance targets young disabled to help them complete apprenticeships or training programmes. During a customised training, participants are assisted by vocational training assistants and prepare for vocational schools. The vocational rehabilitation and work support programmes are meant to serve a very broad target group of people with all kinds of health impairments, however, some experts argue that they are not able to meet the complex needs of persons with more severe disabilities (ANED 2019a).

*3.2 Supported employment*

Besides youth coaching and vocational training assistance, NEBA's occupational assistance services include work assistance and job coaching (BMSGPK, 2020). The Work Assistance Scheme supports people with disabilities during the whole process of labour market integration – job search, preparing for a job, and fitting into the workplace – with intensive personal preparation (Eurofound, 2021). Work assistants also provide support and expertise for employers in the first 3 months of induction. In case of any complication, they act as mediators.

In addition, there is also a job coaching service available for private sector companies. It provides individual support in the workplace for up to 6 months (BMSGPK, 2020).

*3.3. Prevention*

The fit2work project[25] is an occupational integration management scheme, which provides personal and operational advice to both jobseekers and companies regarding prevention management. It is coordinated by the Ministry of Social Affairs and implemented by various partner institutions. It targets people whose ability to work is threatened. Participating in the programme is voluntary. Clients are accompanied by advisors during the whole process, from initial consultation to the active integration of employees. They help in creating an action plan on health-promoting measures, and also provide implementation support during the entire

[25] http://www.fit2work.at/artikel/fit2work-fuer-betriebe


Co-funded by the European Union

process of consultation and induction. It operates as a one-stop-shop service with various assistance measures offered to clients (BMSGPK, 2020).

## 4. Demand incentives and direct measures

### *4.1 Quota*

There is a quota obligation applied to employers with 25 or more employees. There needs to be one person with disabilities (who have a reduced capacity over 50%) for every 25 employees without disabilities in the enterprises (Eurofound, 2021). Compensatory levy must be paid if quotas are not fulfilled (BMSGPK, 2020).

### *4.2 Wage subsidy*

Wage subsidies are provided for people with reduced work capacity of 50% to compensate for disability-related reduced capacity. Other benefits are also granted to employers offering preferential treatment for disabled workers such as exemption from local taxes or premiums are paid if they employ disabled trainees. (MISSOC, 2021a)

### *4.3 Sheltered employment*

Sheltered employment measures are mainly implemented by regional governments. Participants in sheltered workshops are not considered as part of the labour force and thus are excluded from vocational integration measures and receive very low salaries. The number of people participating in sheltered workshops increased over the years and there is no sign of any effort to revert this trend. In 2014 about 23,000 persons with disabilities were employed in sheltered workshops (ANED, 2019a).

### *4.4 Self-employment*

Start-up subsidies and other financial assistance can be granted by the Ministry of Social Affairs while guidance from professional consultants is provided by the PES for people with disabilities in order to promote entrepreneurship and self-employment (BMSGPK, 2021). There are bridging subsidies also available in case self-employed disabled people (with a degree of disability of at least 50%) experience additional disability-related expenditures during entrepreneurial activity (Eurofound, 2020).

## References

ANED, 2019a. Country report on the European Semester - Austria. https://www.disability-europe.net/country/austria

ANED, 2019b. Country report on disability assessment - Austria. https://www.disability-europe.net/country/austria

BMSGPK, 2021. Overview of the horizontal issue of disability in Austria. Bundesministerium. Soziales, Gesundheit, Pflege und Konsumentenschutz. https://broschuerenservice.sozialministerium.at/Home/Download?publicationId=441.

Eurofound, 2020. Bridging subsidy Corona for self-employed with a disability, case AT-2020-14/1248 (measures in Austria), COVID-19 EU PolicyWatch, Dublin, http://eurofound.link/covid19eupolicywatch


Co-funded by the European Union

Eurofound, 2021. Disability and labour market integration: Policy trends and support in EU Member States, Publications Office of the European Union, Luxembourg

European Commission, 2021. Employment, Social Affairs & Inclusion – Austria. https://ec.europa.eu/social/main.jsp?catId=1101&langId=en

ILO-OECD, 2018. Labour market inclusion of people with disabilities. Paper presented at the 1st Meeting of the G20 Employment Working Group. International Labour Organization, Organization for Economic Co-operation and Development.

MISSOC, 2021a. MISSOC database. Austria. Mutual Information System on Social Protection. https://www.missoc.org/missoc-database/comparative-tables/results/

MISSOC, 2021b. Organisation of Social Protection. Austria. Mutual Information System on Social Protection. https://www.missoc.org/missoc-database/organisation/

Hajnal, Á. and Scharle, Á. 2022. Mapping PES responses against labour market discrimination, Budapest Institute, manuscript

## The Netherlands

In the Netherlands, the incidence of disability is relatively low and has not increased considerably in recent years, with the important exception of a growing trend among youth. The relative employment of people with disabilities is high compared to other countries but has not improved since 2012. The close monitoring of sickness benefits, the responsibility of employers to cover sick pay,[26] the independent evaluation of health status and the broad assessment of remaining work capacity against any possible vocation ensure that benefits are targeted to those in need. Vocational rehabilitation is early and accessible, but wage subsidies and supported employment is relatively weak. Plans to reform the wage subsidy system and sheltered work were announced in 2018 but postponed until 2022.

### 1. Cash benefits for income replacement

The cash benefits schemes are implemented by the Institute for Employee Benefit Schemes (UWV), while health care is organised by the Ministry of Health, Welfare and Sport and implemented by private health insurance companies and the Tax Revenue Service.

*1.1 Sickness benefit*

[26] The so called Gatekeeper protocol was introduced in 2002 and expanded in 2004. As Hullegie and Koning (2018) shows, it had signficantly increased the chances of returning to work after an illness, for those who were employed before becoming ill. They attribute this improvement to the increased responsibility of the employer for monitoring health status, paying the sickness benefit and providing rehabilitation support. Koning and Vethaak (2021) finds that by tightening eligibility rules, the Gatekeeper reforms substantially improved the targeting of disability benefits.


Co-funded by the European Union

The system of sick leave compensation is designed to incentivise employers to engage in the reintegration of employees, since the compensation scheme is financed entirely by employers and private insurance companies (Hemmings-Prinz, 2020). The sickness benefits are available to employees, as well as to those who have their employment contract recently terminated and insured unemployed people. For claiming benefits, the unemployed are requested to facilitate their own recovery and are provided assistance by UWV. After one year of sickness, stricter medical checks of incapacity are applied. Employees continue to receive sick pay from their employer until the doctor of their Health and Safety Service report them sick. The amount of sickness benefit is 70% of the prior wage. The sickness benefit lasts for a maximum of 104 weeks, however it can be extended to 3 years if employers have not done enough to facilitate the return to work. Partial sickness benefit can be combined with work in case of reintegration for maximum 104 weeks. In this case, 70% of the earned wage is deducted from the benefit.

After claiming sickness benefit, workers with employment contract are guided by an external health and safety service or their occupational doctor through a specific return-to-work track, including an action plan, regular contact, follow-up and assessments. Based on the final assessment, if the employer is unable to resume work, they are redirected to the Employee Insurance Agency (UWV) and can claim disability benefits. During sickness benefits, beneficiaries are provided all kinds of job assistance to help them return to work (e.g. job coaching, transport facilities). After the sickness benefit, if the authorities assess that employers have not done enough to prevent employees from claiming the disability benefit, they can be fined (Hemmings-Prinz, 2020).

*1.2 Disability benefit*

There are two main disability benefit schemes, WIA for those with sufficient insurance and Wajong for those who became disabled at a young age. (Until 2004, there was another scheme WAO, which is being phased out.) The WIA scheme provides earnings-related or social minimum-based benefits to recipients with a minimum of 35% work incapacity. It consists of two arrangements: for partially incapacitated persons they encourage rehabilitation options (WGA = Return to Work Scheme for the Partially Disabled), for persons with full incapacity without any prospect of recovery it provides income (IVA = Income Provision Scheme for Fully Work-incapacitated People). The UWV is the responsible body for assessments on disability benefits. The assessment is based on economic loss related to disability and carried out by a medical doctor and other rehabilitation specialists (ANED, 2019b). The entitlement for WIA disability benefit is valid until the UWV occupational doctor reviews and confirms invalidity or else the statutory retirement age. IVA is available until retirement age if there is no change in the disability situation, while WGA depends on the employment history and varies from 3 to 24 months. IVA provides 75% of prior wages, WGA pays 75% of prior wages during the first 2 months and 70% afterwards. There is a partial deduction on the benefit when WGA is


Co-funded by the European Union

combined with work. After the entitlement period, WGA pays additional follow-up benefit for an indefinite period, the amount of which is higher if the recipient has returned to work. During the period of receiving WIA several types of assistance are available, such as transport facilities.

The Wajong scheme supports those people who became disabled at a young age (before the age of 18) or during their studies (before the age of 30). In 2015, the Wajong scheme was reformed to reduce the inflow to sheltered workshops, reduce benefit dependency and to enhance the labour market participation of young people with disabilities (ANED, 2019a). Entitlement became stricter. Before 2015, the minimum level of incapacity for work was set at 25%, after 2015 claimants must be 100% disabled. Benefits are payable until retirement age and entitlement conditions are usually not reviewed since they are considered permanent. The benefit amount is 75% of the statutory youth minimum wage.

Since 2015, Wajong claimants cannot participate in retraining, rehabilitation or any work experience programmes, since they are considered permanently unfit for work. In the case of returning to work, Wajong is terminated (European Commission, 2021, MISSOC, 2021a).

**2. Cash benefits to cover costs related to disability**

There is a 'personal budget' to cover assistance needs in transport or personal care.[27]

**3. Services to support re-employment**

The responsible bodies for social protection are the Ministry of Health, Welfare and Sport and the Ministry of Social Affairs and Employment (MISSOC, 2021b). Employment services are delivered mainly by UWV (PES), however, some of the responsibility for reintegration (and income provisions) was recently shifted from UWV to municipalities (ANED, 2019a).

In order to service disabled jobseekers, UWV has specialised counsellors who can refer disabled jobseekers to external service providers. They also cooperate with NGOs in delivering these services (Hajnal and Scharle, 2022).

*3.1. Vocational rehabilitation*

Employment rehabilitation starts very early. After six weeks of sickness absence, the employee and the employer draft a rehabilitation plan together, on the basis of an assessment of the cause of disability, functional limitations and the likelihood of resuming work (in the same job). The plan should be approved by a caseworker of UWV in the eighth week of absence, after which it is binding for both parties. For those with no employer, UWV prepares the rehabilitation plan. The UWV provides ability testing, vocational rehabilitation, job trials, job

[27] https://www.government.nl/topics/care-and-support-at-home/applying-for-a-personal-budget


Co-funded by the European Union

coaching (see 4.3-4) and follow-up support to help the labour market integration of the disabled.

Participation in vocational training is not obligatory for receiving benefits, but after consultations with the UWV if training is strongly recommended, it should be followed (MISSOC, 2021a).

*3.2 Supported employment*

Supported employment is mainly provided by NGOs. However, IPS for people with mental disabilities has also been introduced by some public mental health institutions since 2012 and has slowly expanded (de Graaf-Zijl et al., 2020, van Weeghel, 2020).

**4. Demand incentives and direct measures**

*4.1 Quota*

There is a quota scheme for the public sector set at a level of 1.93% for employers with 25 or more employees but there was no levy imposed for non-compliance before 2020. As of 2021, the levy will be EUR 5 000 per unfilled job (ANED, 2019a, Eurofound, 2021).

*4.2 Wage subsidy*

To facilitate return to work, employers are compensated for wage costs or awarded compensation reduction in case of hiring people with disabilities (MISSOC, 2021a). However, the take-up of this instrument remained very limited due to the reluctance of employers to use them (van Waveren, 2020).

Those employers who hire persons with disability benefits above 50 years can apply for contribution reduction at the UWV. They are also entitled to receive compensation for wage costs in case of sickness when hiring people with disability benefits (WIA/WAO/Wajong).

*4.3 Job trial (Wage subsidy)*

The Trial placement[28] scheme provides unemployed and/or partially disabled persons an opportunity to take part in an unpaid 2-month trial placement while keeping their disability/unemployment benefit (the trial period can be extended to 6 months). If approved by UWV, the employer can receive wage subsidies for a two-month period to enable them to employ a person with a disability on a trial basis. If the employer finds the person suitable and are satisfied with their performance, they can offer an employment contract after the trial placement for at least 6 months (Eurofound, 2021).

*4.4 Job coach (subsidy)*

Employers can request a subsidy for an internal job coach if hiring sick or disabled persons. To qualify for a job coach, the employee need to have a contract for at least 6 months, work

[28] https://business.gov.nl/subsidy/trial-placement-unemployed/


Co-funded by the European Union

atleast 12 hours a week and earn at least 35% of the minimum wage.[29] Workplace supports from job coaches last for a maximum of 3 years. The Jobcoach measure aims to enable people with disabilities to work independently after some time spent at the company, without personal guidance. The employee receives personalised training or an induction programme and guidance in the workplace. After the job coaching period, the employee should be able to carry out their work independently. The job coach remains available to provide support when difficulties arise (Eurofound, 2021).

**Recent measures**

A reform package was introduced in 2014 in order to reduce the number of young claimants for Wajong benefit and the inflow into sheltered workshops (ANED, 2019a). They introduced stricter eligibility criteria for Wajong (entitlement linked to full incapacity to work before the age of 18) and transferred the responsibility for reintegration from the UWV to municipalities. Besides, the Participation Act passed in 2015 introduced several support measures for both employees and employers, such as job trials and job coaching (see details above), wage subsidies, etc. As a result of these reforms, the ratio of young disabled persons with paid work increased slightly between 2016 and 2017, however their income position deteriorated due to the increasing number of temporary employment contracts (van Waveren, 2020).

Some instruments of the Participation Act proved to be less effective in incentivising employment than expected. For example, take-up of the wage subsidy remained low because employers either had little information about it or were reluctant to use them due to the high administrative costs (van Waveren, 2020).

**References**

ANED, 2019a. Country report on the European Semester – Netherlands. https://www.disability-europe.net/country/netherlands

ANED, 2019b. Country report on disability assessment – Netherlands. https://www.disability-europe.net/country/netherlands

de Graaf-Zijl, M., Spijkerman, M., Zwinkels, W., 2020. Long-Term Effects of Individual Placement and Support Services for Disability Benefits Recipients with Severe Mental Illnesses. IZA DP No. 13772.

Eurofound, 2021. Disability and labour market integration: Policy trends and support in EU Member States, Publications Office of the European Union, Luxembourg

European Commission, 2021. Employment, Social Affairs & Inclusion – the Netherlands. https://ec.europa.eu/social/main.jsp?langId=en&catId=1122

Hemmings, P., Prinz, C., 2020. Sickness and Disability Systems: Comparing Outcomes and Policies in Norway with those in Sweden, the Netherlands and Switzerland. Economics Department Working Papers, No.1601, OECD

Hullegie, P and Koning, P., 2018 How disability insurance reforms change the consequences of health shocks on income and employment, Journal of Health Economics, Volume 62, November 2018, pages 134-146

[29] https://business.gov.nl/subsidy/subsidy-internal-job-coach/


Co-funded by the European Union

Koning, Pierre and Vethaak, Heike. Decomposing Employment Trends of Disabled Workers, The B.E. Journal of Economic Analysis & Policy, vol. 21, no. 4, 2021, pp. 1217-1255. https://doi.org/10.1515/bejeap-2021-0010

MISSOC, 2021a. MISSOC database. The Netherlands. Mutual Information System on Social Protection. https://www.missoc.org/missoc-database/comparative-tables/results/

MISSOC, 2021b. Organisation of Social Protection. The Netherlands. Mutual Information System on Social Protection. https://www.missoc.org/documents/organisation/2021_01/org_2101_nl_en.pdf

Hajnal, Á. and Scharle, Á., 2022. Mapping PES responses against labour market discrimination, Budapest Institute, manuscript

van Waveren, B., 2020. Dutch Participation Act not (yet) a success. European Social Policy Network. ESPN Flash Report 2020/02

van Weeghel, J., Bergmans, C., Couwenbergh, C., Michon, H., de Winter, L., 2020. Individual placement and support in the Netherlands: Past, present, and future directions. Psychiatric Rehabilitation Journal, 43(1), 24–31. https://doi.org/10.1037/prj0000372

## United Kingdom

Compared to other European Countries, the disability employment gap is relatively wide in the UK. Vocational rehabilitation and supported employment is relatively weak, and demand side employment incentives are scarce. Activation policy focuses on those who can be placed within 12 months, which entails a risk of cream skimming.

### 1. Cash benefits for income replacement

*1.1 Sickness benefit*

There are two types of benefit provided to claimants in case of sickness, the Statutory Sick Pay (SSP),[30] and the Employment and Support Allowance (ESA).[31] SSP is available to employees only. Employers are obliged to provide SSP to their employees in the first 28 weeks of sick leave, conditional on a work capability assessment (WCA). This medical certificate (also called Statement of Fitness for Work) is issued by a doctor. ESA is both a sickness and a disability benefit scheme, and it is provided to those who are unable to work due to illness or disability (see 1.2 for more detail).

After sickness benefits, those claimants who have limited capability of work are encouraged to take part in coaching interviews with experts and are responsible for preparing to re-enter the labour market (MISSOC, 2019a).

*1.2 Disability benefit*

Disability benefits are mainly provided through the employment and support allowance (ESA), operated by the Department of Work and Pension. It operates as a contribution-based social

[30] https://www.gov.uk/statutory-sick-pay/what-youll-get
[31] https://www.gov.uk/employment-support-allowance


Co-funded by the European Union

insurance scheme for employed and self-employed persons and also as a social assistance scheme with means-tested flat-rate benefits for those who have no or short employment history due to invalidity. To qualify for the benefits, individuals must meet the national insurance-related contribution, the work capability assessment criteria and the follow-up assessment 14 weeks after the claim.

Benefit entitlements depend on the results of WCA. Assessments are contracted out to private providers. The functional capacity assessment consists of a self-assessment test and a face-to-face assessment carried out by health professionals, rehabilitation specialists, therapists, and civil servants. Reassessments are carried out when there is a change in the medical condition or when an improvement is expected. There are 2 phases of the assessment process. In the first phase, limited capability for work is assessed, in the second phase those with limited capability for work are allocated to either a support group (with no work obligation) or work-related activity group (with work obligation). For the support group, there is a permanent benefit payment, for the work-related activity group, there is a lower benefit payment for a maximum of 52 weeks, and they are obliged to take part in work-focused interviews with work coaches. In case of non-compliance, there are sanctions (ANED, 2019b, MISSOC, 2019).

The amount of the benefit does not depend on income but on the level of capacity and age. It cannot be accumulated with pension and other benefits, such as unemployment benefit. To incentivise return-to-work, partial benefit can be combined with work for an indefinite period until earnings reach a certain threshold. Beneficiaries placed in work-related activity groups are assisted by work coaches in their return-to-work plan (MISSOC, 2019).

**2. Cash benefits to cover the costs related to disability**

*2.1 Personal Independence Payment*

These are mainly non-contributory benefits which are determined based on support and mobility needs. The most significant payment is the Personal Independence Payment (PIP).[32] PIP is an extra benefit for those who experience difficulties in their everyday life due to disability and covers daily living costs and mobility. PIP can be claimed for those who are over 16 years of age but below state pension age, and have a long-term disability expected to last at least for 12 months. PIP can be combined with working and other benefits, too. To claim PIP a medical assessment is needed. For the assessment, the Department for Work and Pensions is responsible. (MISSOC, 2019a)

[32] https://www.gov.uk/pip


Co-funded by the European Union

*2.2 Access to work*[33]

Access to work is a discretionary grant scheme that provides financial and advisory support for people with disabilities in order to help them stay in work (OECD, 2020). Applicants need to have a paid job to qualify for grants or services under Access to Work. It offers grants to beneficiaries to finance work-related practical support, such as interpreters, workplace adaptations, taxi fares or job coaches. It also provides guidance from mental health service providers (Able Futures, Remploy) to applicants. Access to work grants do not cover "reasonable" workplace adjustments, which are the responsibility of employers. The programme is limited (in 2017 and 2018, 33,860 people were receiving Access to Work payments) and the expenditure on the programme has decreased over time (ANED, 2019a).

**3. Services to support re-employment**

Both the social security and social assistance benefits (including disability-related supports), and employment services are implemented by Jobcentre Plus offices (MISSOC, 2019b).

Local Jobcentres provide help in finding disability-friendly employers, connect employers with interested employees and provide support by referring claimants to professional job coaches and work psychologists.

*3.1 Supported Employment*

There are two major programmes provided by Local Job Offices, the Intensive Personalised Employment Support (IPES)[34] and the Work and Health Programme.[35]

IPES is a one-on-one intensive support and training to help people with disabilities get ready for employment. The programme links jobseekers to a local work coach who helps them with job search, training, networking. It lasts for 15 months, however it also includes 6-month on-the-job personal support if required.

The Work and Health Programme (WHP) targets long-term unemployed people. It is compulsory for those who have claimed unemployment benefit for over 2 years. Within the programme claimants receive personalized support such as training, consultations and networking opportunities and subcontracted services (e.g. face-to-face mentoring and peer support, integrated access to specialist support, job opportunities) by external providers (e.g. Ingeus, Remploy, Shaw Trust). External providers collaborate with local services and healthcare services to ensure individuals make progress while on the programme. WHP also lasts for 15 months and may include a 6-month on-the-job personal support if required.

[33] https://www.gov.uk/access-to-work
[34] https://www.gov.uk/intensive-personalised-employment-support
[35] https://www.gov.uk/government/statistics/work-and-health-programme-statistics-to-may-2020/work-and-health-programme-statistics-to-may-2020


Co-funded by the European Union

The programme was launched in 2018 and approximately 150 000 people were referred to the programme in 2019, most of them are people with disabilities. Up to 2019, 10 000 job outcomes have been reached (Powell, 2020). However, a recent ANED report notes that the main focus of these programmes is on those who are most likely to achieve a job outcome within 12 months, which might lead to cream skimming and leave those behind who need more complex support (ANED, 2019a).

### 4. Demand incentives and direct measures

There has been very limited policy attention on the demand side – to making work fit for disabled people: there is no obligatory employment quota or wage subsidy available for employers.

#### *4.1 Reasonable adjustments for workers with disabilities*

Employers are obliged to make reasonable adjustments at the workplace to prevent discrimination against people with disabilities. However, this is not effectively enforced and sanctioned in case of non-compliance (ANED, 2019a).

### References

ANED, 2019a. Country Report on the European Semester – United Kingdom. https://www.disability-europe.net/country/united-kingdom

ANED, 2019b. Country report on disability assessment – United Kingdom. https://www.disability-europe.net/country/united-kingdom

Eurofound, 2021. Disability and labour market integration: Policy trends and support in EU Member States, Publications Office of the European Union, Luxembourg

MISSOC, 2019a. MISSOC database. United Kingdom. Mutual Information System on Social Protection. https://www.missoc.org/missoc-database/comparative-tables/results/.

MISSOC, 2019b. Organisation of Social Protection. United Kingdom. Mutual Information System on Social Protection. https://www.missoc.org/documents/organisation/2019_07/org_1907_uk_en.pdf

Powell, A., 2020. Work and Health Programme. Briefing Paper, Number 7845. https://researchbriefings.files.parliament.uk/documents/CBP-7845/CBP-7845.pdf

## Portugal

In Portugal, the share of people with disabilities is relatively high, while their relative employment rate was rather low, until 2012, when it started to increase. The benefit levels are relatively ungenerous but monitoring and work incentive measures in the benefit system are limited. The availability of vocational rehabilitation used to be very limited, but there have been significant efforts to develop methods and expand services both by the PES and NGOs as well as to improve cooperation between services, which contributed to the observed improvement in labour market inclusion.


Co-funded by the European Union

## 1. Cash benefits for income replacement

The main responsible body for social protection is the Ministry of Employment, Solidarity, and Social Security. As for cash benefits of the social security system, central bodies are accountable for the planning and technical coordination, while the Social Security Institute (Instituto da Segurança Social) supervises and does the management (MISSOC, 2021b).

### *1.1 Sickness benefit*

Sickness benefit is covered by the compulsory social insurance contributory scheme with benefits depending on the registered earnings and on the duration of incapacity. During the sickness period, the employer pays no income replacement. Employees, self-employed workers and beneficiaries covered by the voluntary social security scheme can claim sickness benefit if their temporal incapacity is certified by a health service. The maximum entitlement period is 1095 days, but the duration depends on the length and the nature of the sickness. For salaried employees the payment starts from the fourth day of incapacity. The amount of the benefits varies between 55 to 75% of prior wages. Sickness benefit cannot be combined with work (no partial sickness benefit) (European Commission, 2021a, MISSOC, 2021a).

### *1.2 Disability pension*[36]

Invalidity benefits include disability pensions (main element), special disability protection and social inclusion benefit. Entitlement depends on degree of loss of work capacity and prior employment history. „Relative incapacity" requires up to 66.66% reduction of capacity (not expected to be recovered within the next three years), and registered earnings for at least five calendar years, while „absolute disability" requires a permanent, full loss of working capacity and registered earnings for at least 3 calendar years.

People can be entitled to *disability pension* with both relative and absolute incapacity. The amount of the pension is determined based on social security contribution record and registered incomes. Provisional disability pension is granted in situations where the beneficiary has exhausted the maximum sickness period of 1.095 days, remains unfit to work and awaits the incapacity control review. The duration of the payment is indefinite until the retirement age, when the invalidity pension becomes an old-age pension. Invalidity is certified by the incapacity verification system (SVI). Reviewing invalidity can be requested by the beneficiary and relevant institutions, however re-evaluation is only possible after three years of pension payment except from serious deterioration. Absolute disability pension cannot combined with income from work (European Commission, 2021a, MISSOC, 2021a).

[36] https://www.seg-social.pt/pensao-de-invalidez


Co-funded by the European Union

There is also a baseline social benefit available to all legal residents in Portugal. The Social Inclusion Benefit is available to those with a certified degree of incapacity of at least 60%. The number of beneficiaries has increased significantly: in 2020 it covered around 110.000 persons (European Commission, 2021b).

*1.3 Unemployment benefits*

Those invalidity benefit recipients who are declared fit to work and are currently unemployed can apply to unemployment benefits, the amount of the benefit corresponds to 80-100% of the IAS[37] (social support index).

**2. Cash benefits to cover cost related to disability**

*2.1 Personal assistance scheme*

The Independent Living Support model (MAVI) is a national personal assistance scheme implemented in 2018 and funded by the European Structural Fund. It specifically targets people with disabilities with an incapacity level of at least 60%. Prior to the programme, beneficiaries prepare an individual plan with the help of counsellors from the Centers for Independent Living and according to their needs they are provided with grants for personal assistance (applying for 40-hour personal assistance is also possible but only available for a limited number of claimants). MAVI cannot be combined with other homecare services (ANED, 2019a).

**3. Services to support re-employment**

Active employment policies and vocational training are implemented by the national public employment service, called Institute for Employment and Professional Training (IEFP) (MISSOC, 2021b). Since 2013 employment have expanded: the number of unemployed people participating in traineeship programs, training measures or vocational rehabilitation rose significantly. The most significant spending element of the active labour market policies was in training activities. Until 2015, measures specifically targeted at disabled individuals (sheltered and supported employment and rehabilitation measures) and direct job creation programmes or start-up incentives, were small compared with other countries (Düll et al., 2018), but spending on rehabilitation measures increased significantly in recent years (interview with local NGOs, 2022).

Some elements of the labour market integration and vocational training regarding vulnerable groups are outsourced to external service providers who can offer more specialised and targeted services for beneficiaries. The PES operates a network of Labour Insertion Offices (Gabinetes de Inserção profissional (GIP)) – including both public and private non-profit

[37] IAS is a reference value used for the determination, calculation and adjustment of contributions (ILO, 2016, p.12).[38] https://www.iefp.pt/gabinetes-de-insercao-profissional


Co-funded by the European Union

organisations[38] – that specializes in supporting the labour market integration of unemployed, vulnerable groups (the young, immigrants, disabled).[39] GIPs assist in job search, indicate qualification courses and provide personalized monitoring. The *GIP Inclusive Network* providing vocational rehabilitation currently includes six offices. Cooperation between these agencies and the PES used to be hampered by the inefficient flow of information and the limited resources of the PES (Düll et al., 2018), but has improved significantly in recent years (interview with local NGOs 2022).

Some job centres cannot provide specialized information and guidance. In such cases jobseekers are referred to GIPs, or Resource Centres for Qualification and Employment, which provide vocational rehabilitation services. Cooperation between service providers is supported by umbrella organizations, e.g. FORMEM, which connects around 50 specialized organizations.[40] In recent years, there has been an increase in demand for employment and IEFP employment services by persons with disabilities. Service provision has also improved due to the expansion in the network of Resource Centers for Qualification and Employment and the enhanced cooperation between public services and non-profit service providers specialized in professional rehabilitation. Resource centers accredited by the PES offer (CRPD, 2021):

The *Information, Evaluation and Guidance for Qualification and Employment* measure has a maximum duration of 4 months. This action aims to support persons with disabilities registered with the PES, in making appropriate vocational decisions, through individual counselling so that the person with a disability can make his/her own decisions in an informed manner. Individuals are provided with consultation on how to overcome activity limitations and enter the labour market. Assessments are carried out to verify their difficulties. Resource centres equip participants with both technical (prescription of assistive technologies and job adaptation) and financial support (such as travel or housing allowance, etc.).

*Placement support* is available for a maximum duration of 12 months. It consists of a mediation process between people with disabilities and employers, developed by the resource centers of the IEFP support network, while addressing aspects of accessibility, job adaptation, the development of general employability skills, and raising employers' awareness of the benefits of their employment, supporting the applicant in the active search for employment or in the creation of their own employment.

*Post-placement follow-up* provides technical support for workers with disabilities and their respective employers to maintain employment and career progression through professional rehabilitation, namely adaptation[78] to the functions to be developed and to the job placement,

[38] https://www.iefp.pt/gabinetes-de-insercao-profissional
[39] https://lisboaacolhe.pt/emprego/labour-insertion-office/?lang=en
[40] https://www.formem.org.pt/en/


Co-funded by the European Union

guidance and support in solving issues related to the management of personal and family life and psychological follow-up. The maximum duration of the programme is 12 months but can be extended in special cases to 24 months. In the case of an open market employment contract, the duration may be 36 months, extendable annually, if justified.

*3.2 Supported Employment*

Supported employment (personalised, complex support for entering the primary labour market) is mainly provided by NGOs. Providers have established so-called Employability Networks based on the 'Territorial Animation principles' and the methodology developed by the Portuguese Association for Supported Employment (APEA). The Employability Networks include public, social and private profit or non-profit organizations on a regional basis in order to coordinate and expand training and labour market services for people with disabilities.[41]

*3.3 Workplace adaptation*

The PES supports employers in workplace adaptation (by partial reimbursement), job-retention and awareness-raising. However, so far these efforts proved to be very limited (ANED, 2019a). In case of low accessibility to employment, the PES grants support for both employers regarding workplace adaptations and persons with disabilities who need assistive technologies for employment or vocational training. It covers 50% of the costs associated with removal of physical barriers and 50-100% of the costs associated with adapting jobs.

*3.4 Telework (temporary measure)*

Telework for persons with disabilities (with an incapacity level of 60% or over) was introduced as a temporary measure in response to the COVID-19 pandemic and lockdowns. If requested by the workers, telework becomes mandatory in the companies, especially in cases of specific health conditions, disability or when safety at workplaces is not ensured (Eurofound, 2020b, Eurofound, 2021).

**4 Demand incentives and direct measures**

*4.1 Quota*[42]

Before 2019, there was a 2% quota imposed on private enterprises and a 5% quota applied to the public sector. From 2019, quota obligations on small and medium-sized private companies changed. The obligations refer to persons with disabilities with a degree of disability equal to or greater than 60%. A quota scheme of 1% applies to employers with small and medium-sized

[41] https://empregoapoiado.org/employment-networks/
[42] https://www.iefp.pt/reabilitacao-profissional


Co-funded by the European Union

enterprises (75-250 employees) while the 2% quota on employers with 250 or more employees has remained (Eurofound, 2021). Those who do not meet the quota obligation have been subject to fines. In the public sector the former 5% quota obligation has remained valid. Those who satisfy the quota conditions get a reduction in social security contributions (European Commission, 2020).

*4.2. Job creation - Internships*[43]

One of the main employment incentive measures are subsidised internship opportunities (Estágios Emprego) for vulnerable groups (Düll et al., 2018). The unemployed are eligible to the programme for maximum 9 months, and the period of internship can be extended to 12 months for people with disabilities. Applications are accepted and evaluated throughout the year. The amount of the stipend is based on IAS, according to the applicant's qualification level. The programme is mainly implemented, managed and monitored by the PES. The OECD (2017 cited in Düll et al., 2018, p.36) analysed the impact of subsidised internship programmes on employment outcomes of unemployed persons in Portugal by using a propensity score matching approach. They found that the employment outcomes of participants improved significantly faster than those of nonparticipants after 6 months of internship.

A similar temporary scheme, Activar was introduced in response to the Covid-19 pandemic, which also offered a bonus to employers offering a permanent employment contract to interns after the termination of the internship (Eurofound, 2020a).

*4.3 Wage subsidy*[44]

The *Employment Insertion Contract* provides opportunities for unemployed people with disabilities to perform socially useful work in public and private non-profit organizations for a period of 12 months with the goal of strengthening their relational and personal skills, self-esteem, as well as stimulating work habits. Transport expenses and the costs of employers are reimbursed partly by the PES. For persons with disabilities the grant is assigned according to the following situations: (1) monthly scholarship, in the amount of the IAS, for unemployed people with disabilities looking for the first employment or benefit (2) supplementary monthly scholarship, in the amount of 20% of the IAS, for people with disabilities benefiting from unemployment benefits or social unemployment benefits.

*Open Market Subsidised Employment* (EAMA) is available for people with a working capacity of 30-90% of the normal working capacity of another worker in the same professional functions, where employers can receive compensation from the PES, namely support in the remuneration and social security contributions, in accordance with the defined levels and which is depending on the qualifications of the person. After 3 years of subsidised

[43] https://www.iefp.pt/estagios
[44] https://www.iefp.pt/reabilitacao-profissional


Co-funded by the European Union

employment, reassessment is carried out to evaluate eligibility. The scheme is small but increasing: participation grew from 173 in 2015 to 1093 in 2018.[45]

*4.4 Sheltered employment*

Sheltered employment measures are provided for persons with an incapacity level of 30-70% (ANED 2019a). The number of participants in sheltered employment gradually increased between 2010 and 2017 but remained small: less than 800 people participated in sheltered employment in 2017.

## References

ANED, (2019a). Country report – Portugal. https://www.disability-europe.net/country/portugal.

ANED, (2019b). Country report on disability assessment – Portugal. https://www.disability-europe.net/country/portugal.

CRPD, (2021). Portugal's contribution to the Committee's general comment on the right of persons with disabilities to work and employment. https://www.ohchr.org/Documents/HRBodies/CRPD/DGD/2021/Perm_Mission_Portugal.docx.

Düll, N., Thévenot, C., Immervoll, H., Browne, J., Fernandez, R., Neumann, D., Pacifico, D., 2018. Faces of Joblessness in Portugal: A People-centred perspective on employment barriers and policies, OECD Social, Employment and Migration Working Papers, No. 210, OECD Publishing, Paris, http://dx.doi.org/10.1787/b0fa55e7-en.

Eurofound, 2020a. Internship ATIVAR.PT - Internships for unemployed persons with disability or impairment, case PT-2020-35/1225 (measures in Portugal), COVID-19 EU PolicyWatch, Dublin, http://eurofound.link/covid19eupolicywatch

Eurofound, 2020b. Telework and workers with disability or impairment - exceptional and temporary measure, case PT-2020-22/1228 (measures in Portugal), COVID-19 EU PolicyWatch, Dublin, http://eurofound.link/covid19eupolicywatch

Eurofound, 2021. Disability and labour market integration: Policy trends and support in EU Member States, Publications Office of the European Union, Luxembourg.

European Commission, 2020. European network of legal experts in gender equality and non-discrimination. Flash report. https://www.equalitylaw.eu/downloads/5073-portugal-system-of-employment-quotas-for-disabled-people-in-private-enterprises-75-kb

European Commission, 2021a. Employment, Social Affairs & Inclusion – Portugal. https://ec.europa.eu/social/main.jsp?catId=1125&langId=en&intPageId=4739

European Commission, 2021b. European Semester 2020-2021 country fiche on disability equality. Portugal.

ILO, 2016. Portugal, ILO technical note. International Labour Organization 2016. https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/publication/wcms_497566.pdf

MISSOC, 2021a. MISSOC database. Portugal. Mutual Information System on Social Protection. https://www.missoc.org/missoc-database/comparative-tables/results/

MISSOC, 2021b. Organisation of Social Protection. Portugal. Mutual Information System on Social Protection. https://www.missoc.org/documents/organisation/2021_01/org_2101_pt_en.pdf

[45] https://www.ipss-acaso.org/area-reservada/centro-de-recursos-on-line/download/7374/799/38



Co-funded by the European Union

## Hungary

The relative employment rate of people with disabilities is increasing, but still low in Hungary.

There are strong demand side financial incentives in the form of employment quota with a high non-compliance tax and social contribution allowance. Benefit amounts were cut considerably and eligibility conditions became more stringent as of 2012. Vocational rehabilitation capacities are weak, while sheltered employment is still widespread. Some promising new policies include a job-search portal with mentoring assistance and that rehabilitation mentors can be employed as counted for the mandatory quota. Some disincentives in the benefit system were eliminated by abolishing the earnings cap for disability benefit recipients.

### 1. Cash benefits for income replacement

*1.1 Sickness benefit*

Sickness benefits are earnings-related benefits financed by insurance and employer contributions and taxes. In the first phase, employees can be granted an absence fee (70% of the daily gross earnings) for up to 15 working days (annually), which is entirely financed by employers. After the 15-day absence period, statutory sickness benefit is paid by the Health Care Provider (50-60% of gross daily earnings) for a maximum of 1 year. Benefit claims are assessed by the health insurance service of the country district office or by the corporate social insurance payment service. Sickness benefit cannot be extended or renewed after one year. Sickness benefit cannot be accumulated with earnings from work or unemployment benefit. There is no statutory rehabilitation measure provided after sick leave. Re-examination depends on the doctor's decision, but it is declared that it should occur regularly. After sickness benefit, people can apply for invalidity pension if their medical condition justifies it (MISSOC, 2021; European Commission, 2021).

*1.2 Disability pension*

There are two types of disability benefits - disability pension and rehabilitation benefit - both financed by the Health Insurance Fund. Disability assessment includes the examination of health status, occupational and social assessment. Those with a state of health of 60% or less can be eligible for benefits. An independent committee, consisting of doctors, rehabilitation experts and social affairs experts carry out a complex assessment examining health status and self-sufficiency.

After the complex evaluation, based on the results claimants are divided into two categories, those who are likely to recover by rehabilitation, and those whose employability skills cannot be restored by rehabilitation. Persons recommended rehabilitation are granted rehabilitation benefit, which includes both a low amount cash benefits and medical, vocational rehabilitation services. It is payable for a maximum of 36 months. Persons are obliged to


Co-funded by the European Union

cooperate with the rehabilitation authority while on benefit. There is no general rule for health revisions. If the health status is considered as changeable, the date of the next re-examination is set by the committee. Rehabilitation benefit is calculated as 35% of the average monthly income and it is increased to 45% in case of permanent rehabilitation but capped at a very low level, 40 or 50% of the minimum wage, depending on the health status.

Claimants who have 5 years or less remaining until retirement age or are unlikely to recover by rehabilitation services are entitled to disability pension[46]. The disability pension is a permanent payment with no review of assessment. Furthermore, there is no statutory medical or vocational rehabilitation required for this benefit entitlement. The amount of benefits depends on the improvement prospects of the claimant and the average monthly income. Disability pension is between 40-70% of the previous income depending on the state of health (MISSOC, 2021, European Commission, 2021).

The average amount of all disability benefits compared to average wages has been decreased significantly for the last 10 years and the net replacement rate of disability benefits is one of the lowest among European countries (OECD, 2021). As for work incentives, earnings limit accompanied to disability and rehabilitation benefits has been abolished from January 2021.

**2. Cash benefits to cover costs related to disability**

Some, typically small allowances and in-kind support are available to people with specific disabilities (such as blindness or wheelchair use).

**3. Services to support re-employment**

By introducing rehabilitation benefits in 2012, the benefit system simplified into passive and active benefit schemes, and work incentives were reinforced in the system (ANED, 2019a). Rehabilitation services are provided by three different types of institutions: Human Resource Development OP or Competitive Central Hungary OP offices in two or three cities in each county (49 offices altogether, whereas the Public Employment Service has 170 offices throughout the country), one or two rehabilitation counsellors of the Public Employment Service in each county and NGOs.

NGOs tend to offer more personalised and more diverse services but their funding has been soared in the recent years and rather uncertain: application requirements change annually and state subsidies are often disbursed after several months of delay (Krekó and Scharle, 2021). As a consequence, their capacity lags behind needs.

*3.1 Vocational rehabilitation*

In principle, all beneficiaries who may be rehabilitated are entitled to services enhancing their employability and supporting job search; however, access to and the quality of these services

[46] Formally, disability benefits have been separated from the pension system since 2012.


Co-funded by the European Union

did not improve during the years following the reforms (and in some regions they may have even deteriorated). The capacity of NGO service providers has been decreased in recent years due to unpredictable and scarce financial sources and weakening cooperation with public service providers.

Rehabilitation measures for people with changed working capacity are not mandatory to disability benefit claimants (MISSOC, 2021).

Employment rehabilitation is also provided by accredited employers of sheltered workplaces; however, the subsidies granted for this (called transitional employment by the legislation) do not encourage either real rehabilitation or finding employment in the open labour market. (Krekó and Scharle, 2021).

*3.2 Reasonable accommodation*

Although people with disabilities have the right to reasonable accommodation at their workplaces and Labour Code contains an obligation for employers to provide it, in practice employers are not called to account for failing the requirement. Furthermore, financial support related to workplace adaptation can only be claimed by accredited employers. (ANED, 2019a)

*3.3 Supported employment*

Supported employment is mainly provided by NGOs but their capacities are very limited.

**4. Demand incentives and direct measures**

*4.1 Quota*

One of the most important measures boosting labour demand for people with reduced work capacity is the obligatory employment quota. In Hungary, all employers with over 25 employees (including public sector and non-profit organisations) have to pay a non-compliance tax if the share of employees with disabilities does not reach the obligatory employment rate, which is 5 per cent of the headcount. The noncompliance tax is high in international comparison, amounts to 9 times the monthly minimum wage, about €4,130 per person per year in 2021. (Eurofound, 2021, Krekó and Scharle, 2021).

*4.2 Tax relief*

Employer hiring people with rehabilitation card are exempt from social contribution tax, which is 15.5% of the gross earnings, or a wage up to twice the minimum wage (ANED, 2019a).

*4.3 Sheltered employment*

Substantial government funding is granted for accredited employers, who provide secure, but segregated jobs. The number of persons employed at accredited sheltered workplaces was steadily around 30 thousand persons in the last few years. In principle, rehabilitation also


Co-funded by the European Union

takes place at these workplaces: about one-fourth of employees with reduced work capacity are in transitional employment, which means that they are supposed to find employment in the open labour market in three years with the help of their employers. However, non-compliance with this regulation is not sanctioned (Krekó and Scharle, 2021).

**Recent measures**

A job search portal (*Érték vagy!*) [47] was launched by the Ministry of Human Resources in 2021 for people with changed work capacity. According to the official website of the programme, there has been approximately 3000 jobseekers and 500 potential employers registered on the portal. So far, around 70 matches have been made. There were no social partners involved in the process.

The National Institute for Social Policy launched a programme (funded by the European Social Fund) in 2016 offering tailored employment support for people with disabilities to help their labour market integration. It targets unemployed persons with a state of health of 60% or less. This project lasts until 2022. So far, 19000 clients and 6500 employers were involved in the programme.[48] The aim of the project is to improve and develop clients' skills related to their (re)integration with trainings (such as digital literacy courses) and personal rehabilitation plan and guidance. It provides help and assistance for participants from the outreaching period until the workplace integration period. In addition, the project also aims to shape the attitudes of employers. According to the official website, until the end of 2021, 51% of the participants who had finished the programme entered the labour market.

Earnings limit accompanied to disability and rehabilitation benefits was abolished as of January 2021.

**References**

ANED, 2019a. Country report on the European Semester - Hungary. https://www.disability-europe.net/country/hungary

ANED, 2019b. Country report on disability assessment - Hungary. https://www.disability-europe.net/country/hungary

Eurofound, 2021. Disability and labour market integration: Policy trends and support in EU Member States, Publications Office of the European Union, Luxembourg

European Commission, 2021. Employment, Social Affairs & Inclusion. Hungary. https://ec.europa.eu/social/main.jsp?langId=en&catId=1113

Government of Hungary, 2021. Hungary - 2021 National Reform Programme of Hungary. https://ec.europa.eu/info/sites/default/files/nrp_2021_hungary_en.pdf

[47] https://ertekvagy.hu/kezdolap
[48] https://nszi.hu/efop-111-15-2015-00001/a-projekt-bemutatasa-celjai


Co-funded by the European Union

International Labour Organization (ILO), Organization for Economic Co-operation and Development (OECD), 2018. Labour market inclusion of people with disabilities. Paper presented at the 1st Meeting of the G20 Employment Working Group

Krekó, J., Scharle, Á., 2021. Employment of the disabled population and the demand side incentives, The Hungarian Labour Market 2020 (pp.170-176) Edition: 2020 Chapter: 7.1, Centre for Economic and Regional Studies

Krekó, J., Scharle, Á. 2021. Changes in disability benefits and their impacts: The Hungarian Labour Market 2020 (pp.179-189) Edition: 2020 Chapter: 7.1, Centre for Economic and Regional Studies

MISSOC, 2021. MISSOC database. Hungary. Mutual Information System on Social Protection. https://www.missoc.org/missoc-database/comparative-tables/

OECD, 2018. Benefit generosity and work incentives for recipients of disability benefits in 12 EU Member States, OECD Publishing, Paris


Co-funded by the European Union

**EASPD is the European Association of Service providers for Persons with Disabilities. We are a European not-for-profit organisation representing over 17,000 social services and disability organisations across Europe. The main objective of EASPD is to promote equal opportunities for people with disabilities through effective and high-quality service systems.**

*This publication has been produced with the financial support of the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). The information contained in this publication does not necessarily reflect the official position of the European Commission.*