

## **Letter of Intent regarding a more inclusive working life 2006-2009**

### **1. Introduction**

The recent years' trend of increasing numbers of people leaving the workforce on long-term national insurance schemes presents problems for both the individuals concerned, enterprises and the Norwegian society. Sick leave, disability pensions and early retirement pensions also add to the growing shortage of labour in all parts of working life.

The Parties agree that the IA Agreement (*Inclusive Working Life Agreement*) is a useful instrument for achieving a more inclusive working life and preventing transition from work to national insurance schemes. Together with the national authorities, employers and employees have a particular responsibility for work to promote positive awareness and for reversing this trend. The IA work has proven that results can be achieved when efforts are aimed at the individual level, the enterprise level and the national level, based on cooperation and consensus. Therefore, the Government and the parties in working life agree to continue this cooperation to reinforce the working line in working life.

The Letter of Intent shall contribute to:

- achieving a more inclusive working life for the benefit of the individual employee, workplace and society at large
- reduction of sick leave and disability pensions
- developing and utilising the individual's resources and working capacity through active work

### **2. New Letter of Intent regarding a more inclusive working life 2006-2009**

The agreement to continue the cooperation on a more inclusive working life is entered into between the Government, represented by the Minister of Labour and Social Inclusion and the employer organisations NHO (Confederation of Norwegian Enterprise), HSH (Federation of Norwegian Commercial and Service Enterprises), KS (Norwegian

Association of Local and Regional Authorities), NAVO (Norwegian employers' association for enterprises affiliated with the public sector) and the State as employer represented by the Minister of Government Administration and Reform, and the employee organisations LO (Norwegian Confederation of Trade Unions), Unio (Confederation of Unions for Professionals, Norway), YS (Confederation of Vocational Unions) and Akademikerne (Federation of Norwegian Professional Associations).

This agreement replaces the Letter of Intent regarding a more inclusive working life from 3 October 2001, and the parties' declaration of 3 December 2003 regarding continuation of the Letter of Intent.

The Government will not propose changes in the current sick pay scheme during the term of the agreement, neither for employees nor employers, unless the parties agree to such changes.

### **3. Duration**

The agreement is entered into for a period of four years, from 1 January 2006 to 31 December 2009.

### **4. General objectives for the cooperation**

The IA cooperation is an instrument for achieving general objectives in employment, working environment and inclusion policy. The cooperation is to complement and reinforce other general policy instruments of a legal and/or financial nature. Through this cooperation, the various parties will contribute actively to ensure that the individual workplace can take part in a binding effort to reach these common goals.

Evaluation of the Letter of Intent from 2001-2005 shows that the operative sub-goals at the enterprise level primarily targeted persons who already had established employment. Only to a very small degree has the agreement contributed to improving the situation of

persons who fall outside the labour market. Therefore, the parties and the authorities agree that the continued cooperation must include greater focus on inclusion and recruitment of those who do not have established employment. The IA Agreement is to help more people enter the workforce through appropriate organisation of the policy instruments and increased use of ordinary working life to provide training, experience and qualifications that are adapted to fill the needs of working life.

In line with paramount national goals, the parties agree that the IA cooperation should contribute to

- preventing sick leave, increasing focus on job presence and preventing "expulsion"
- increasing recruitment to working life of persons who do not have established employment

*Concretising the objectives / operative goals*

The parties agree that the sub-goal in the present agreement which relates to reductions in sick leave shall be upheld, i.e. the goal up to 2009 is a reduction of 20 per cent compared with the sick leave level in the second quarter of 2001.

The parties also agree to continue the sub-goals relating to increasing the average age of retirement from working life, and to employ far more workers with reduced functional ability. There was agreement in the declaration of 3 December 2003 that the IA enterprises should set concrete goals for themselves as regards retirement age and recruitment of persons with reduced functional ability. This was based on the recognition that these goals had not been assigned sufficient priority. The situation remains unchanged in this regard. Therefore, the parties agree that there is a need for heightened focus on these areas in the new agreement. The parties agree that, during the first half of 2006, they will provide a specific formulation of goals for both the national and enterprise levels, as well as development and adaptation of the use of policy instruments

as regards these sub-goals. In this context, emphasis will also be placed on clarifying the respective roles of the employers and the authorities.

### *Special challenges*

An inclusive working life sets requirements not only for the inclusion of persons with reduced functional ability, but also for the inclusion of other groups experiencing difficulties in gaining entry into working life. The parties agree that the IA agreement can be a policy instrument in countering discrimination in working life in general. This is a common national responsibility which requires a strengthened effort in every part of working life, also beyond the aspects addressed by the IA agreement. Only when we succeed in this will we have succeeded in achieving a more inclusive working life.

A good working environment which focuses continuously and systematically on prevention and facilitation is a prerequisite for discovering employees who are developing health problems and preventing these from dropping out of working life. The preventative and facilitating working environment work also provides experience and knowledge which can contribute to dismantling the barriers against recruiting employees with need for facilitation. The parties agree that the further IA cooperation will focus more on prevention and systematic HSE work.

The real retirement age has fallen since the IA agreement was entered into in 2001. This in spite of the fact that the goal was to raise it. The background for the lower retirement age is complex, and it is impossible to say how much is due to focus, attitudes, etc. at the individual workplace. However, the parties agree that the new agreement should focus more on both "expulsion" and the role of older employees in working life.

## **5. The various parties' obligations**

The further cooperation must obligate all the parties to strengthen their effort to attain the goal of a really inclusive working life. The most important work takes place at the

individual workplace, in cooperation between employer and employee. The role of the authorities is, as defined in the prevailing regulations and according to the guidelines given by the Storting and Government, to support this work through a coordinated and targeted set of policy instruments.

### **5.1 The Government's obligations**

The Government will, within the framework of the IA agreement, continue the present policy instruments, including the sick leave guarantee.

During the first half of 2006, the parties to the agreement will assess the organisation of the policy instruments in the IA agreement, cf. Item 4, including the facilitation supplement and reduced employer's contribution for employees over the age of 62. The parties will discuss whether there are alternative and more practical ways of using these allocations to improve goal attainment. Any changes in the policy instruments will only be proposed if the parties have agreed to do so.

The new Labour and Welfare Service (NAV) will be in place as of 1 July 2006. This means that the National Insurance Service and Aetat (Labour Market Administration) will be merged and that new local labour and welfare offices will be gradually established. The Government will maintain the National Insurance Service's/the Labour and Welfare Service's services to the enterprises in NAV. In addition, the authorities aim to develop these services in line with the growth in the number of IA enterprises.

During 2006, the authorities will develop an interaction model for the Norwegian Labour Inspection Authority and the Petroleum Safety Authority Norway, respectively, and the new labour and welfare service.

The authorities will, in cooperation with the parties to the agreement, consider initiating a special, strengthened working environment effort in two industries with high sick leave rates.

## **5.2 The obligations of the parties to the agreement**

- Contribute to as many enterprises as possible joining the IA agreement
- Work to achieve a good and targeted working environment effort focusing on goal-oriented tolerance and diversity
- Work actively to encourage more individual enterprises to make more training and work training places available for unemployed persons
- Work to raise consciousness in connection with hiring to prevent discrimination on the basis of gender, age, ethnicity or functional ability.

## **5.3 The work at the individual workplace**

The individual workplace is the most important arena for the work to prevent sick leave, stop "expulsion", strengthen recruitment and bring more people with reduced functional ability into employment. The parties agree that the work to better establish the effort in the individual workplace must be strengthened in the further cooperation. The working life organisations have a special responsibility for contributing concrete proposals for how the employer and employee organisations can ensure that the intentions of the IA agreement are better established at the level of the individual workplace.

The parties agree that a larger degree of binding goals in the individual enterprise, which can support the attainment of the national goals, is necessary.

The cooperation agreement between the individual enterprise and the authorities, represented by the National Insurance Service/Labour and Welfare Service, is continued as a binding agreement in which the roles and obligations of the various parties are clarified further. As early as in the declaration of 3 December 2003, the parties to the IA agreement specified that all sub-goals are equally important, and this also applies in the continuation of the cooperation agreement.

The work to make the enterprises more inclusive must take place with close and regular dialogue between employers and union/employee representatives.

The IA enterprises which have entered into cooperation agreements with the National Insurance Service do not have to enter into new agreements. However, reference is made to the review of goal formulations and use of policy instruments, cf. Item 4, which will be carried out in the first half of 2006, and which may lead to adjustments in the cooperation agreement and related goal formulations.

More details concerning goals and activities at the individual workplace will emerge from the cooperation agreement.

## **6. Follow-up and evaluation**

- During the first half of 2006, the parties will evaluate the formulation of goals and policy instruments which may contribute to raising the retirement age in working life and more people with reduced functional ability and other vulnerable groups becoming employed.
- Every six months, the parties will, based on experiences and developments, keep track of and evaluate achieved results in relation to the goals of the agreement.
  - If the results of the IA work show a negative development, the authorities will initiate discussions with the parties to the agreement concerning necessary adjustments.
  - If it becomes obvious that it is impossible to achieve some or all the operative goals of the agreement period with the agreed policy instruments, the agreement will lapse unless the parties agree otherwise.
- The agreement will be evaluated by the end of 2009.

Oslo, 14 December 2005

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Ministry of Labour and Social Inclusion

LO (Norwegian Confederation of  
Trade Unions)

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NHO (Confederation of Norwegian Enterprise)

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Unio (Confederation of Unions for  
Professionals, Norway)

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NAVO (Norwegian employers' association for  
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The State as employer represented by the Ministry  
of Government Administration and Reform

**Letter of Intent regarding a more inclusive working life 2006-2009**  
**Appendix of 6 June 2006**

Item 4, Overall goals for the cooperation, in the letter of Intent regarding a more inclusive working life 2006-2009, states:

*"The parties agree that, as regards these sub-goals, they will return during the first half of 2006 with more concrete national and enterprise-level goal formulations, as well as development and adaptation of the use of policy instruments. In this connection, emphasis will also be placed on clarifying the respective roles of the employers and the authorities."*

Furthermore, Item 5, The obligations of the various parties, states:

*"The parties in the agreement will, during the first half of 2006, consider the organisation of the policy instruments in the IA agreement, cf. Item 4, including the facilitation supplement and reduced employer's contribution for persons over the age of 62. The parties will discuss if there are alternative and more practical ways of using these allocations to improve goal attainment. Any changes to these policy instruments will only be proposed if the parties agree to do so. "*

On this basis, a working group was established consisting of the working life parties and the authorities. The working group completed its work and the report from the group is attached to this agreement.

The IA work must be seen in connection with the other work underway in the area of working life policy. See Appendix 2 to the report. An inclusive working life has a vision of including all groups which have/may have problems gaining entry into working life. The parties agree that the IA agreement may be a policy instrument to influence attitudes towards discrimination in working life in general. This is a common responsibility which requires a strengthened effort in all areas of working life, also beyond the scope of the IA

agreement. As a proposal to the Government's work on an action plan for integration and inclusion of the immigrant population, the multipartite working group proposes to form a working group with representatives from the authorities and the working life parties. The group will be given a mandate to propose concrete measures for increasing the recruitment of people with a non-western background.

The parties endorse the report of the working group, which includes:

**A. Concretisation of the goal formulations in the IA work**

**The IA agreement has two overall goals:**

- Preventing sick leave, increasing the focus on job presence and preventing "expulsion" from working life.
- Increasing recruitment to working life of unemployed people.

**Overall goal for all sub-goals**

National level:

The number of persons receiving sickness benefit from the National Insurance, rehabilitation and disability benefits as of 31 December 2005 comprised slightly more than 18 per cent of all persons in the age group 16-66. The goal is to reduce this percentage.

**Sub-goal 1: Sick leave**

National level:

Sick leave in the agreement period shall be reduced by 20 per cent compared with the second quarter of 2001.

Enterprise level:

The enterprises must:

- a) Arrive at goals for the sick leave work and set target figures for the sick leave development through dialogue.

- b) Establish verifiable activity goals.
- c) Ensure that the goals form integrated parts of a good and targeted working environment work/HSE work.
- d) Prepare good follow-up plans no later than within six weeks.

The employer, employee and union representatives are all jointly responsible for the follow-up of these plans.

**Sub-goal 2: Recruiting persons with reduced functional ability**

With a basis in the goal of employing far more persons with reduced functional ability, i.e.

a) persons in the enterprise who have or will have reduced functional ability and who are mainly the responsibility of the enterprises, with the support of the authorities' policy instruments, and

b) persons outside of the enterprise who have reduced functional ability, and who are mainly the responsibility of the authorities, with the assistance of the enterprises.

the main focus is to prevent the recipients of short-term benefits from transferring to lasting, passive national insurance benefits. It is therefore necessary to strengthen the effort vis-à-vis these groups to achieve national goals - which can be measured.

**National level:**

- a) Reduce the number of persons who transfer from work to passive benefits. A preliminary target figure will be set by the end of 2006.
- b) Increase the percentage of those on long-term sick leave who start vocational (external) rehabilitation in the sick leave period.
- c) Increase the percentage of people with reduced functional ability that transfer from national insurance benefits to work. A preliminary target figure will be set by the end of 2006.

IA enterprises shall open up for training and retraining positions (IA positions) for persons with reduced functional ability.

Enterprise level:

- a) The enterprises must set activity goals for their follow-up and facilitation work for their employees with reduced ability to work to prevent transfer from work to disability benefits.
- b) The enterprises must work with the labour and welfare service and set activity goals as regards how they together can make their IA competence and opportunities available for "IA positions" (training and work training positions) for persons who are not employed.

***Sub-goal 3: Raising the average retirement age***

National level:

Increase the expected retirement age for persons over the age of 50 by at least 6 months for the period 2001-2009.

Enterprise level:

The enterprises shall

- a) Have a life-phase perspective which will be included in the daily health, environment and safety work and in the HR policy.
- b) Work to prevent too early retirement in restructuring processes.
- c) Consider possible incentives to postpone retirement to voluntary pension schemes. Activity goals must be set for this work.
- d) Make visible the allocation of the reduced employer's contribution for employees over the age of 62.

**B. Adapting and targeting the policy instruments in the IA agreement**

The working group's task has been to arrive at alternative measure packages which can make the use of the policy instruments within the IA agreement more practical, as regards improved goal attainment.

From 1 January 2007, the reduction in the employer's contribution for employees over the age of 62 will be changed from 4 percentage points to 3 percentage points. This comprises NOK 276 million annually.

As the increase in the employer's contribution only has a budgetary effect for 10 months in 2007, the parties will meet in August to allocate the liberated funds for this year.

The liberated funds will be allocated in the following manner:

**1. Increasing the facilitation supplement                      NOK 180 million**

With an increase of NOK 180 million, the total allocation will be slightly more than NOK 220 million and give room for expanding the scheme to the purchase of objects and equipment at the workplace as a supplement to the existing scheme of individual aids. The scheme should also be more open to system-oriented measures in the enterprises.

**2. Temporary education positions/education leaves of absence    NOK 20 million**

The State will finance temporary education positions and education leaves of absence. The leaves of absence are reserved for employees at risk of dropping out of working life, while temporary positions are reserved for persons seeking employment who have difficulties gaining entry into the labour market. The measure is directed towards the IA enterprises. During the autumn of 2006, a multipartite working group will concretise how such a scheme may be designed.

**3. Strengthening the working life centre services                      NOK 30 million**

It is proposed that the working life centres be strengthened by up to three positions in each county. The positions will be targeted towards the focus areas under the various sub-goals. This measure must be seen in conjunction with the proposal to prequalify IA

enterprises and increased focus on sub-goals 2 and 3, in cooperation with the parties. The working life centres will support the parties' cooperation at the local level.

#### **4. IA positions**

Opportunity to establish qualifying and affirmative positions (work practice positions) in the enterprises. The IA enterprises must be motivated to go further than other enterprises by allowing for persons, which the labour and welfare service has established has a need for testing, to be given a chance to test their working and functional ability in regular working life, in "tailored" IA positions. These persons may be on long-term sick leave, in rehabilitation or receiving time-limited disability benefits. This assumes that the State ensures aid in the form of both financial and competence-related measures, as well as other facilitation in each individual case (tailoring). See Appendix 3, working group report.

#### **5. "Prequalification" of IA enterprises**

Enterprises which make available "IA positions" to let persons with reduced functional ability test their working ability will be given appropriate assistance and training.

#### **6. Facilitation guarantee                      NOK 13 million**

Test in five counties. Work on carrying out the test starts in the autumn of 2006, aiming to make the scheme available nationally by 1 January 2008. See Appendix 4, working group report.

#### **7. Purchase of health services                      NOK 30 million**

Directed at lighter psychiatric and complex ailments. Working life centres have a duty to inform the IA enterprises of the option.

#### **8. Measures to make older employees visible as a resource                      NOK 3 million**

The responsibility for planning and implementing the measures is allocated to the Senter for seniorpolitikk (Centre for older employee policy <unoff. translation>). The measures are designed in cooperation with the parties to the IA agreement.

## **9. Interaction model labour and welfare service - Norwegian Labour Inspection**

### **Authority/Petroleum Safety Authority Norway**

By the first half of 2007, the authorities will develop a new interaction model between the new labour and welfare service and the Norwegian Labour Inspection Authority (Petroleum Safety Authority Norway for the petroleum sector), respectively. The purpose is to counteract expulsion more efficiently by encouraging increased joint efforts from the local employer and parties, as viewed overall by the authorities, in the period from when a health problem becomes established and until the original employment is in danger of ceasing.

As part of this work, the Ministry of Labour and Social Inclusion will implement an R&D project (with special funding) to obtain knowledge about the enterprises' facilitation practice and the authorities' practice both separately and jointly in order to guide, control and provide allocations and assistance for this work.

Oslo, 6 June 2006

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**Appendix of 6 November 2006 to supplementary agreement 6 June 2006  
Letter of Intent of 14 December 2005 regarding a more inclusive working life 2006-  
2009**

It appears from the supplementary agreement of 6 June 2006 to the Letter of Intent regarding a more inclusive working life that the reduction in the employer's contribution for employees over the age of 62 will be changed from 4 to 3 percentage points as of 1 January 2007. This comprises NOK 276 million annually.

The increase in the employer's contribution only has a budgetary effect for 10 months in 2007, and the liberated funds for 2007 will be NOK 233 million. The parties have agreed to allocate the liberated funds for 2007 in the following manner:

1. Strengthening the facilitation supplement	NOK 150 million
2. Temporary education positions/education leaves of absence	NOK 17 million
3. Strengthening services from the working life centres	NOK 25 million
4. Facilitation guarantee	NOK 11 million
5. Purchase of health services	NOK 27 million
6. Measures to make older employees visible as a resource	<u>NOK 3 million</u>
<b>In total</b>	<b>NOK 233 million</b>

Oslo, 6 November 2006

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**Supplementary agreement of 6 November 2006 to  
Letter of Intent of 14 December 2005 regarding a more inclusive working life 2006-  
2009**

**Allocation of funding for measures, cf. The Sick Leave Committee's report of 6  
November 2006**

It appears from the supplementary agreement of 6 November 2006 to the Letter of Intent regarding a more inclusive working life that the employer's contribution for employees over the age of 62 has been reduced from 4 to 3 percentage points as of 1 January 2007. The parties have agreed to reallocate the remaining three 3 percentage points to the measures mentioned below.

The funding will be made available to all enterprises, but employees in IA enterprises will have priority. In total, these measures will cost NOK 699 million in 2007.

- A scheme will be introduced for the purchase of health and rehabilitation services to bring persons receiving sickness benefits back into employment quicker and thus reduce sick leave. A separate allocation of **NOK 604 million** in total is established for this purpose.
- The introduction of dialogue meetings, where the MD/person granting sick leave must be compensated for additional work load in connection with the dialogue meetings. This is estimated to cost **NOK 40 million**.
- The supervisory function of the Norwegian Labour Inspection Authority and the control function of the Labour and Welfare Service must be strengthened. The plan is to strengthen these services by **NOK 20 million and NOK 30 million**, respectively.
- In addition, **NOK 5 million** is set aside for minor measures to get people with reduced functional ability back to work.

The funding for the new measures to reduce sick leave must be evaluated underway, and in the event of a need for adjustment of the financing, this will be agreed among the parties.

Oslo, 6 November 2006

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**Appendix of 15 May 2007 to supplementary agreement of 6 June 2006  
Letter of Intent of 14 December 2005 regarding a more inclusive working life 2006-  
2009**

In the supplementary agreement of 6 June 2006 to the Letter of Intent regarding a more inclusive working life, it is assumed that national target figures will be set by the end of 2006 for sub-goal 2: Recruit persons with reduced functional ability.

The parties have agreed to adopt the following measuring indicators and target figures as a basis:

***a) Reduce the number of persons going from employment to passive benefits***

This goal focuses on the work to limit the number of employees who leave the company due to health problems. The target figure must reflect whether the enterprise, in cooperation with the authorities, succeeds in preventing the employees from leaving employment and going over to health-related benefits. The goal formulation is very similar to sub-goal 1 in the agreement. The effort to bring people on sick leave back into the company may limit the number of persons who go from work to passive benefits.

The purpose of this indicator is to measure the reduction in the flow of persons from work to passive benefits. The target figure is based on the number of people on long-term sick leave, here defined as persons who have spent 13 weeks or more of the sickness benefit entitlement over a period. Then, the percentage of these who are back to work 4 weeks after the end of the sickness benefit period is measured.

There are several challenges related to setting target figures for the transition from work to passive benefits. Data shows that the transition to work varies considerably and will be affected by both economic cycles and seasonal fluctuations in the sick leave rate.

Demographics, economic cycles and the uncertainty inherent in these factors must be taken into account when setting target figures for this indicator.

A good labour market eases the transition back to work for persons on long-term sick leave as well. It has been taken into account that the economy is booming when setting the target figure. The indicator will take into account that the cycle can turn downward and that the opportunity for making the transition to work can be weakened. Maintaining the results made possible by a strong labour market may be challenging in a situation with a negative economic trend and a shortage of employment opportunities.

The measuring indicator is the number of persons who have spent 13 weeks or more of the sickness benefit period and are back to work four weeks after this. The goal is for the percentage of persons who are back to work to be more than **70 per cent**.

***b) Increasing the percentage of persons on long-term sick leave who start attending vocational (external) rehabilitation during the sick leave period.***

This goal will contribute to persons on sick leave being given work-related assistance in the sick leave period. The basis for setting the target figure has been all persons on sick leave who no longer receive sickness benefits. Then, the percentage of these who have attended vocational rehabilitation in the sick leave period is recorded. The data show little change in the last three years, neither as regards numbers, percentage nor average number of days before they start attending vocational rehabilitation.

The measuring indicator is the percentage of concluded sickness benefit cases who have started vocational rehabilitation in the sickness benefit period. The target is that this percentage should be at least **2.0**.

***c) Increase the percentage of persons with reduced functional ability who go from national insurance benefits to work***

The goal shall reflect to what degree the IA work contributes to persons with reduced functional ability returning to work.

Data show that this figure may fluctuate somewhat. There is reason to believe that external conditions such as economic cycles, demographics and regulatory changes have an effect, in addition to the use of policy instruments.

The indicator is based on the percentage of concluded cases on health-related benefits/work-related measures who return to work. The population comprises persons who have concluded rehabilitation benefit schemes, vocational rehabilitation, time-limited disability benefit or disability benefit. The target figure comprises persons who leave one of these schemes and who can be found again in work (the A/A register) three months after leaving the scheme. Persons who go from benefit/measure to contractual pension or retirement pension and registered deaths are not included in the population. Persons who are registered as employed, but who also receive benefits, are registered as having started working.

The measurement indicator is the number of persons on health-related benefits (rehabilitation, vocational rehabilitation and disability benefits) who make the transition to work. It is a goal that this percentage should be increased to **45 per cent**.

Oslo 15 May 2007

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The Government, represented by the  
Ministry of Labour and Social Inclusion

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Trade Unions)

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