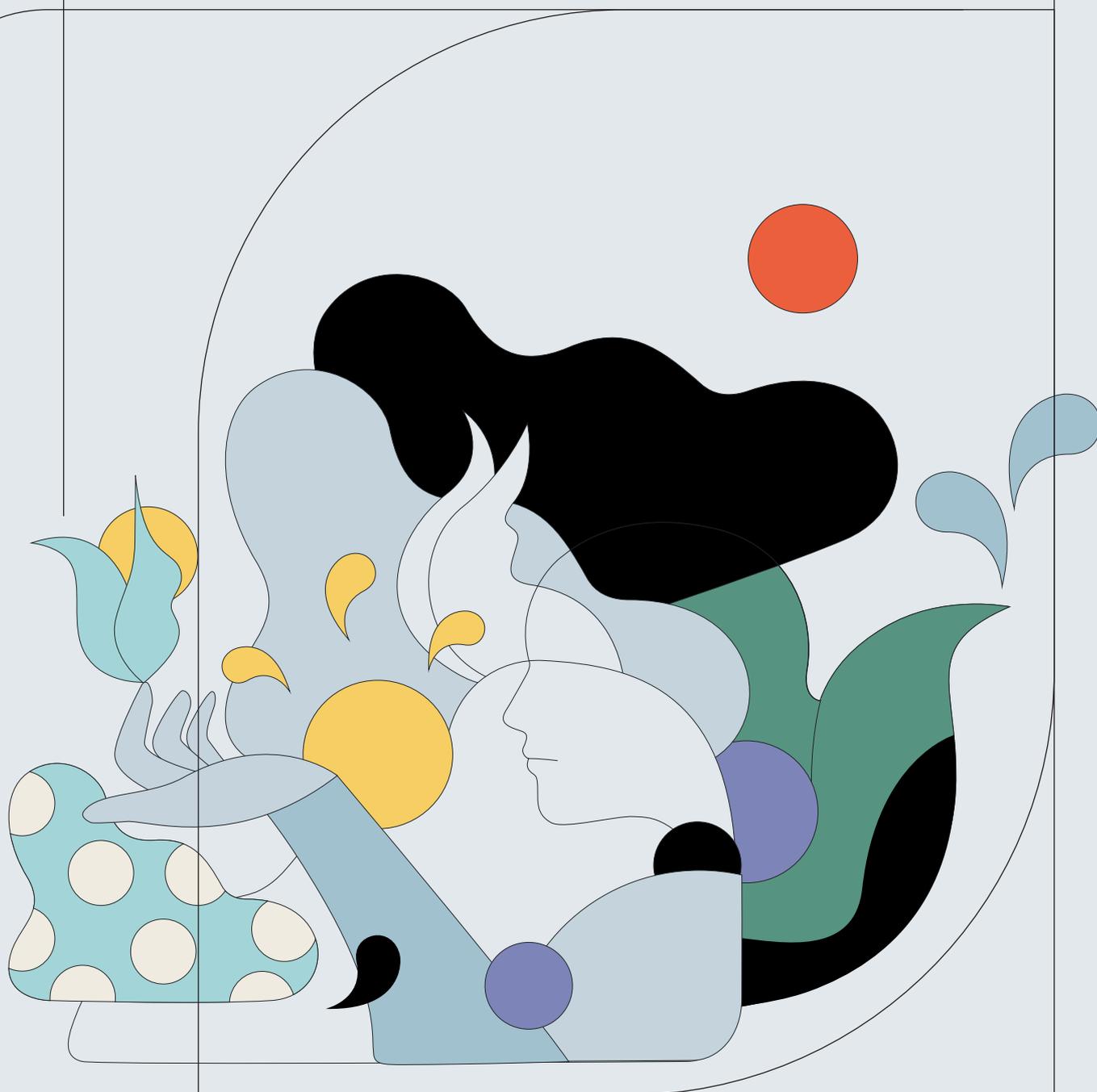




Country profile - Estonia

Policies for longer working lives and good practices

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1 COUNTRY PROFILE

1.1 Introduction

The current report aims to provide a country-based overview from Estonia of central national policies that strive at prolonging working life, encompassing areas of lifelong learning, working conditions, occupational health etc. The report also identifies and analyses two good practices from Estonia that are related to prolonging working life.

In 2012, a year that in Europe was dedicated to promoting active ageing and solidarity between generations, the Ministry of Social Affairs of Estonia started to develop a national Development Plan of Active Ageing for the years 2013-2020. The aim was to elaborate a policy framework for older persons aged 50 and above that associates different fields such as health care, life-long learning, civil society and labour market. In 2016, a new policy framework was introduced, and the policies of active ageing were included in the Welfare Development Plan 2016-2023¹. The development plan aims to promote high employment and long working lives supported by good quality working conditions. Also, the principle of long active working life is incorporated in the Estonia 2035 strategy² which set long-term aims for various policy fields. Hence, active ageing is an integral part of strategic planning across policy areas. The following chapters will outline the policies implemented since 2018 to support longer working lives.

1.2 Policies related to the employee level

Skills development and lifelong learning among older age groups is identified as an important area for promoting longer working lives. The Estonian Welfare Development Plan acknowledges that acquired qualifications may become outdated, and that it is necessary to keep up with the changing needs of employers and the labour market. However, in Estonia – as in other countries – participation in learning is declining with age, and employers' contributions towards developing and maintaining older workers' qualifications tend to be rather small (Welfare Development Plan 2016-2023).

To support skills development and lifelong learning among older age groups, training measures to prevent unemployment are provided by the Unemployment Insurance Fund. In particular, the Unemployment Insurance Fund enables training for people whose monthly average income is below 1553 Euros and who are older than 50 years of age. Training vouchers can be used for digital skills as well as for employment-related skills. For more details on the measure, see chapter 3 (Good practice examples) below.

Also, the Unemployment Insurance Fund supports participation in formal training (i.e., participation in vocational or higher education programmes to acquire qualifications) in case previous qualifications are outdated. Qualifications are defined as outdated if

¹ Welfare Development Plan 2016-2023 https://www.sm.ee/sites/default/files/content-editors/eesmargid_ja_tegevused/welfare_development_plan_2016-2023.pdf

² Estonia 2035 strategy <https://valitsus.ee/strateegia-eeesti-2035-arengukavad-ja-planeering/strateegia>

general education was acquired more than five years ago or previous vocational or higher education was acquired more than 15 years ago. The selection of study programmes which are supported by the measure is limited to areas where there is a high need for qualified employees, as based on the information from the Estonian labour force and skills forecast surveys (OSKA studies³). This ensures that the qualifications obtained are those that are in high demand in the labour market and among employers. The support for participation in formal training amounts to 292 Euros per month in 2022 – the size of the support being related to the size of the unemployment allowance in Estonia. According to statistics of the Unemployment Insurance Fund, the number of participants in the 55+ age group has been increasing each year with the growing popularity of the measure. In 2020, the share of participants aged 55+ reached 20% and in 2021, 16%. This means that, overall, about 200 participants aged 55+ take up formal education studies each year with the support of the Unemployment Insurance Fund.

Career counselling for adults is an important measure to support awareness of career planning and skills development opportunities among adults. Since 2015, career counselling is available to all adults from the Unemployment Insurance Fund. Their labour market status does not matter for access to counselling. Although career counselling is available, it will be a challenge to raise awareness of the measure among older adults and readiness to register to counselling. Hence, outreach to older adults is a challenge. Although, participation in career counselling is mandatory for anyone taking up training courses or any kind of support for learning from the Unemployment Insurance Fund to make sure that the choice of training courses or learning programmes is based on careful consideration of possible options. According to data from the Unemployment Insurance Fund, about 1500 to 1600 people aged 55+ who are employed or inactive took up career counselling each year in 2020 and 2021. This makes up about 15% of all participants in career counselling.

The Ministry of Education and Research provides training courses for adults in vocational and higher education institutions since 2009. The courses are financed by the European Social Fund (ESF) and the ministry and do not require personal funding from the participants. The courses cover a wide area, including general life skills, digital skills and more specific skills required in specific economic sectors. The choice of courses is based on the labour market and skills forecast analysis, focusing on the areas with higher labour force and skills shortages. Although the courses are not particularly targeted at a specific group, the preferred participants⁴ are people with no professional qualifications, who are aged 50+ or have outdated skills. In 2020, 35% of participants in vocational education courses were in the 50+ age group (Ibid). The share was 17% in courses provided in higher education (Ibid).

There are also other financing mechanisms which have contributed to some extent to the availability of learning opportunities for older age groups. For instance, the Nordplus programme – the Nordic Council of Ministers' programme in the area of lifelong learning

³ For more information on the OSKA studies, see: <https://oska.kutsekoda.ee/en/>

⁴ Ministry of Education and Research (2021) Haridus-ja Teadusministeeriumi arengukavade ja programmide 2020. aasta täitmise analüüs. Tartu. https://www.hm.ee/sites/default/files/htm_arengukavade_ja_programmide_2020_aasta_taitmise_anal_uus.pdf

– provides financing for institutions involved in lifelong learning including folk high schools, or adult education institutions, through their Nordplus Adult programme. The project database⁵ brings out some interesting examples of projects targeted at older age groups. However, this is a project-based approach rather than a more permanent policy towards the target group.

Also, as a non-governmental initiative, the University for the Dignified provides lectures to older age groups⁶. This project was initiated by the University of Tartu and offers lectures in various cities across Estonia in order to ensure regional accessibility. The lectures are targeted at the 50+ age group (60+ in the capital Tallinn) and comprise different subjects related to life skills, as well as of general interest. They are not specifically labour market or employment related. For instance, lectures include topics like astronomy, happiness, emotional self-management, history, nature etc. The programme is supported by the Ministry of Education and Research, local government, and private enterprises.

Overall, while there are no specific measures for older age groups in terms of skills policies, several policies include preferential treatment for the age group to support the take-up of measures of skills development.

There are no recent measures to support the improvement of **working conditions** for older adults. A study on working conditions of older workers from 2012 showed that almost half (47%) of older adults currently in employment consider their working conditions as good and another 50% feel their working conditions are satisfactory (Espenberg *et al.* 2012)⁷. However, the study also showed that older adults do not notify their employers about their desire to adjust working conditions (Espenberg *et al.* 2012). Estonian legislation does not consider age as a criterion for the adjustment of working conditions, considering instead the inability to work due to health reasons (Praxis, Emor 2015⁸). Hence, the adjustment of working conditions for older workers depends on the human resource practices implemented by employers rather than conditions endorsed by national legislation or policy support.

This is closely related to measures supporting **occupational health** among employees, which in turn support moving towards longer and healthy life years. While occupational health measures more widely – no matter the age group – support moving towards longer healthy life years, the focus regarding older workers is mostly on the adjustment of working conditions (see section above). To support employers' investments in the health of their employees, the fringe benefit tax on health-related expenses for employers was removed at the beginning of 2018. This means that certain employee expenses related to sports and visits to different health experts (mental health, physiotherapy etc.) are free of the fringe benefit tax for employers. Studies have shown that employers' awareness

⁵ Project database available at: <https://espresso.diku.no/projects/nordplus?0&lang=en>

⁶ For more information on the initiative: <https://ut.ee/et/vaarikate-ulikool>

⁷ Espenberg, K., Vahaste, S., Sammul, M., Haljasmäe, R. (2012) Vanemaealised tööturul. Tartu: RAKE. https://www.sm.ee/sites/default/files/content-editors/Ministeerium_kontaktid/Uuringu_ja_analuusid/Toovaldkond/vanemaealised_tooturul_loppraport.pdf

⁸ Praxis, Emor (2015) Vanemaealiste ja eakate toimetuleku uuring 2015. https://www.praxis.ee/wp-content/uploads/2016/03/VEU2015-l%C3%B5pparuanne_TNSEmorSAPraxis_07122015.pdf

of adjusting working conditions to people with different needs (including people with reduced work ability or older workers) and of the available options to support workplace adjustments remains modest, and that there is a need for information on different options of workplace adjustment (Masso *et al.* 2018⁹). In 2021, it was found that the share of companies with experience in employing people with reduced work ability has increased slightly (29% in 2015 to 33% in 2021) while the share of companies who see the employment of people with reduced work ability as an option also increased from 44% in 2017 to 55% in 2021 (Turu-uuringute AS 2021)¹⁰. However, awareness of different support options and measures has not changed compared to previous years (Ibid). 23% of employers feel that they need more information about the employment of people with a reduced working ability (Ibid). This indicates that awareness of the possibilities on adjusting working conditions still needs attention.

Adjusting unemployment services for people in older age has been identified as one focus area of supporting longer working lives in the Welfare Development Plan 2016-2023. One adjustment has been to extend access to active labour market measures to people in retirement age. More specifically, people in retirement age can register with the Unemployment Insurance Fund as job seekers. This provides access to different labour market measures, including labour market training, support to obtain qualifications, apprenticeship, **entrepreneurship support**, adjustment of workplace, and the use of technical equipment necessary for different types of work. This is enabled through the ESF financing in the programme “Provision of labour market services to improve labour market participation options”¹¹, which was implemented in 2014-2021. Among other things, the programme aims to increase the employment of people in retirement age and those receiving early retirement pensions. Before retirement age, people can also register as unemployed, which gives them access to active labour market measures. The activities for the new financing period up to 2027 are still to be confirmed. A pre-assessment of the new financing period is currently underway, with the results due to be published during 2022¹².

In addition, measures to prevent unemployment identify people aged 50+ as a specific target group, which means that this age group is provided with access to preventive measures, as well, and which are mostly targeted towards skills development (see above). According to data from the Unemployment Insurance Fund in 2021, the most popular measures used by people in the 55+ age group included labour market training and different career services. Hence, measures towards skills development and

⁹ Masso, M., Osila, L., Piirits, M., Melesk, K., Foster, D., Owczarek, D., Kunert, A. (2018) Töötingimuste kohandamise tööpoliitika. Kokkuvõttev ülevaade. Tallinn: Praxis Center for Policy Studies.

<https://www.praxis.ee/?download=&kccpid=&kcccount=https://www.praxis.ee/wp-content/uploads/2016/04/IR-WA-Policy-Brief-Estonian2017.pdf>

¹⁰ Turu-uuringute AS (2021) Tööandjate hoiakud vähenenud töövõimega inimeste värbamise suhtes.

https://www.sm.ee/sites/default/files/content-editors/Uudised_pressiinfo/2021_tvrtooandjateuuringuloppraport.pdf

¹¹ Tööturuteenuste osutamine tagamaks paremaid võimalusi hõives osalemiseks.

https://www.sm.ee/sites/default/files/tat_teenused_raamtekst.pdf

¹² Ex-ante evaluation of the planned financial instruments from the cohesion policy funds for the period 2021-2027 to the Ministry of Finance. <https://www.praxis.ee/en/tood/fininstruments/>

knowledge are those used most often by the age group 55+, which is also the case in other age groups.

1.3 Policies related to the employer level

A study on older workers from 2012 has shown that most Estonian employers do not think about the issue of ageing and its influence on the available workforce (Espenberg *et al.* 2012). According to the study, 82% of employers had not assessed the company's risks arising from the issue of population ageing, and 77% of employers did not consider that the proportion of older people in their personnel would significantly increase over the next five years (Espenberg *et al.* 2012). It was also found that most employers have not implemented specific measures to prolong their older workers' working life, and that collective agreements or employment contracts did not include age-related provisions (Espenberg *et al.* 2012). It is difficult to assess whether and how this has changed due to lack of respective data. Nevertheless, this indicates that activities by employers towards older workers tend to be limited, and that employers need advice and assistance to implement such measures to support older workers at the workplace.

Overall, the requirement of non-discrimination related to age is incorporated in the Estonian legislation through the Equal Treatment Act, which prohibits discrimination based on age as well as other conditions. According to data collected in 2015, 12% of employed people aged 50+ have experienced unequal treatment in the past year (Praxis, Emor 2015). This is mostly experienced in remuneration (35%), work assignments (19%), attitudes of managers (17%), employment related recognition (15%) or attitudes of co-workers (13%) (Praxis, Emor 2015). Similar results are found in a study from 2018 (Pettai 2018)¹³. This shows that experiencing differing treatment in the labour market remains persistent. It indicates that awareness of how workplace discrimination occurs at the workplace and how to avoid it needs to be increased in the population (among both employers as well as employees).

The Unemployment Insurance Fund has introduced some measures to support employers to hire people in risk groups. In Estonia, there is no wage subsidy measure targeted specifically at older workers. Employers can apply for wage subsidies in case hiring people with reduced working ability, but this is not related to age.

Employers receive support to provide apprenticeship to jobseekers. One of the target groups are people in retirement age. Apprenticeships can last up to four months depending on the demands and difficulty of the workplace. Apprenticeships can be up to eight hours per day and up to 40 hours per week. Employers receive a fee for supervision during the first four months of the apprenticeship, which is reducing gradually. While participants generally receive a scholarship for participation in the apprenticeship, people in retirement age do not receive scholarships.

In case the person to be employed has a reduced working ability, several support measures for employers are also available. These measures are not age specific but

¹³ Pettai, I. (2018) Ealine diskrimineerimine tööturul. Lühikokkuvõte 2018. aasta elanikkonna küsitlusest. Tallinn: Open Society Institute. <https://humanrights.ee/app/uploads/2019/03/Ealine-diskrimineerimise-uuringu-tulemused.pdf>

rather aim to support the employment of people with a reduced working ability. These support measures include working with a support person, using equipment to aid working (e.g., for people with visual or hearing loss or who need physical aiding equipment) or workplace adjustment. Employers also receive counselling on the employment of people with health problems.

As a non-governmental initiative, the NGO Golden League provides training to companies regarding coherence across generations to create an environment where each individual's development needs are understood and accepted, and where the experiences of older workers are valued¹⁴. The members of the Golden League, who are people with vast experience in their own field of work, also provide mentoring and coaching to other people, including managers or employees looking to make a development change in their own careers.

1.4 Short assessment of possible shortcomings in the policies

Overall, active ageing, and longer and sustainable working lives are identified as a priority for the Estonian policy in the Welfare Development Plan 2016-2023. However, there are few specific actions or measures beyond these declarations, as there are not many measures targeted specifically at older workers. Nevertheless, older workers are identified as a prioritised risk group in several measures described above, which means that special attention is devoted to their participation in the measures. Still, more effort is necessary regarding outreach to older workers in order to increase their take up of and participation in various measures meant to support sustainable working lives, as this has received relatively little attention so far.

Also, there is little knowledge about what works regarding older workers. In most cases, the measures are not specifically designed for the needs of older workers but rather for the whole working age population, which the older workers are just another part of. This might mean that the measures are not suitable for the older age group (e.g., in terms of accessibility or contents and design, considering the learning habits or pace of learning of the older age group). Hence, there is a need to build better knowledge of the specific needs of older workers and adjust the design of policy measures accordingly.

¹⁴ For more information on the Golden League: <https://www.liiga.ee/>

2 TWO GOOD PRACTICES

The current chapter provides an overview of two identified good practices, which support active and longer working lives for older age groups. For the purpose of this assignment, a good practice can be understood as an example of the implementation of an active ageing policy that uses methods, processes or incentives that contribute to the higher or longer economic (labour market) activity of people aged 55+.

2.1 Example 1: Training courses for older workers by the Unemployment Insurance Fund

The first example includes training courses (training vouchers) provided by the Unemployment Insurance Fund. While the measure is not targeted at older workers only, people aged 50+ (until retirement age) working in jobs that pay under then the national average wage are identified as one target group of the measure.¹⁵

The measure was introduced in May 2017 alongside a new concept of measures by the Unemployment Insurance Fund to prevent unemployment in general. This meant that the Unemployment Insurance Fund shifted from providing labour market services to the unemployed towards preventing unemployment among those who are currently in the labour market but face a higher risk of unemployment due to different reasons. Age was identified as one of the risk factors. Training courses have been one of the most popular measures among the measures to prevent unemployment according to an analysis of the Unemployment Insurance Fund (the Unemployment Insurance Fund 2020)¹⁶.

In order to receive a training voucher for labour market training, all participants need to go through career counselling to ensure that the selection of training courses meets the current needs of employers and the labour market. During the career counselling, the training needs of the person are identified, and the training area is agreed on. After the training voucher has been approved by career counselling, the person can choose a suitable training course within a selection of training providers approved by the Unemployment Insurance Fund. For people in the old-age risk group, all training courses providing digital skills and work specific skills in areas with high labour force demand are funded. The areas of high labour force demand are identified through forecast analyses of the labour force and skills needs by the OSKA programme in Estonia¹⁷.

The training voucher finances training courses for up to 2500 Euros for three years. One training course can last a maximum of one year. A person can combine more than one training course with the training voucher. In case the fees exceed the value of the training

¹⁵ More detailed information on the measure: <https://www.tootukassa.ee/en/services/sareer-and-training/training-employees-work-and-study>

¹⁶ Unemployment Insurance Fund (2020) Töötust ennetavad meetmed. Ülevaade perioodist mai 2017 – aprill 2019. Tallinn: Unemployment Insurance Fund. https://www.tootukassa.ee/web/sites/default/files/2022-01/tootust_ennetavate_meetmete_analuus_loplik.pdf

¹⁷ For more information on the labour market and skills needs forecasting in Estonia, see <https://oska.kutsekoda.ee/>

voucher, the person can self-finance the remainder. According to the available data, ICT training costs an average of 790 Euros and labour market training 1308 Euros per course.

Based on the analysis of the take up of measures to prevent unemployment during the first two years of implementation, May 2017 to April 2019 (the Unemployment Insurance Fund 2020), training vouchers were overwhelmingly used by women (84% of participants are female). As the measure was not specifically targeted at older age groups, the share of people aged 50+ was 38% of all participants. Participants had mostly higher education (41%) or vocational education (34%). The average gross salary of participants was 742 Euros per month, indicating that mostly low-income people participated, which was also imputed to the measure design that had set an income limit for qualifying for the measure. About 17% of participants during the period took part in more than one course.

The most popular courses in ICT were targeting beginners, while the most popular fields of training were in social work or transportation (truck drivers). Most participants graduated, and only 4% of all participants discontinued their courses.

In terms of labour market results, the courses were aimed at preventing unemployment. At the end of the training course, 94% of participants were employed and dropped to 92% during the six months following the end of training courses. 9% of participants changed employers during these six months. The analysis also showed that the average salary increased after the participation in training courses by 19% from 713 Euros to 848 Euros. The analysis concluded that the increase in salary among participants has been higher than average in the economy. Unfortunately, the analysis did not differentiate results for the 50+ risk group, although we can conclude that employment among participants remains relatively high and that there has been a positive impact on the income of participants.

While the analysis of the Unemployment Insurance Fund does not make conclusions on the success factors or barriers for effective implementation, the analysis shows that the measure has been used most often for language training. This indicates that there is room to balance the uptake of measures among target groups, including increasing participation of the 50+ risk group. Hence, more efforts are needed in the outreach and awareness raising of the availability of the measure and its necessity in terms of labour market opportunities. Still, the specific identification of the 50+ age group as one of the priorities has provided an important steppingstone to addressing the age group more specifically. While it is positive that there is an analysis of the monitoring of the results of the measure, it would be useful to differentiate the results by target groups, including a specific analysis of the 50+ age group. By now, the measure has been implemented long enough to make sure that there are enough participants in each target group for a more detailed analysis of the 50+ age group.

Overall, this is an important measure in terms of enhancing training participation among older age groups, as participation tends to decline with age while the need for training remains due to labour market changes and to maintain employability. Hence, the measure should be considered as an example of good practice to enhance participation among the older age group who otherwise tends to be left out of training.

2.2 Example 2: Targeting job seekers in older age groups

One example from recent years is a project funded by the European Social Fund, “New opportunities for older age job seekers”¹⁸. The project involved 170 people in total, specifically targeting people that had been unemployed for at least six months, were aged 50+ (also in retirement age) and who speak Estonian and Russian. The project covered different regions in Estonia, including the counties of Harjumaa, Ida-Virumaa, Lääne-Virumaa, Võru, Pärnu, Viljandi and Jõgeva. The project was implemented over two years, from 1 January 2020 to 31 December 2021. It involved several local contact points for conducting the intervention and dissemination of information¹⁹.

The aim of the project was to restore the social capacity of the target group and improve their competitiveness in the labour market. This was done through raising self-confidence and motivation of job seekers to encourage people who have been excluded from the labour market back towards seeking employment.

Project activities centred around **work clubs** and **work-related trainings**. The work clubs offered labour market trainings with practical exercises and video training, which were further supported by constant communication and mutual support. Within the framework of the project, 12 regional work clubs were launched, including several in the Russian language. The target group was subject to an **individual approach** based on the specific situation, needs and abilities of each unemployed person, and each job seeker was brought to the labour market based on an individual action plan developed in collaboration with the club leader, career counsellor and regional coordinator.

To increase the competitiveness of the target group, the project participants were offered computer training (30 hours), Estonian language and professional training (80 hours), and career counselling (3 hours). The members of the target group went through an internship with up to three different employers (up to a total of 40 days) to make sure that the chosen profession and future job were suitable for them. To ensure the introduction of the target group into the labour market, a system of mentors/regional coordinators was implemented. The task of the regional coordinators was to assemble clubs in cooperation with club leaders, ensuring that all labour market services provided to the project reached each target group.

The opening seminar in February 2020 included a variety of stakeholders: older job seekers, representatives of elderly and pensioners, representatives of local governments, the Unemployment Insurance Fund, NGOs, as well as specialists involved in working with the project’s target group: work club instructors, career counsellors etc. Shortly after the opening seminar, however, the COVID-19 pandemic struck and planned work clubs and trainings were partly postponed.

Generally, at least 30% of the participants in the project were employed within six months after participating in the project thanks to the granting support.

¹⁸ For more information on the project: <http://www.eaui.ee/tegevusval/eakate-roll-ja-staatus-uhiskonnas/uued-voimalused-vanemaealistele-tootsijatele>

¹⁹ Examples of local contact points: <https://voluvoru.eu/vanemaealiste-toohoivevoime-suurendamine-voru-ja-polva-maakonnas/> ; <https://www.jmk.ee/Portfoolio/kogemustega-inimesed-sobivale-toole/> ; <http://www.sesok.ee/projektid/55-kuidas-edasi> ; https://usaldustk.ee/docs/kutse_55+.pdf

Possible barriers in the project included finding and involving the target group. People unemployed for more than six months and over 50 years old might have low social capital, thus having limited motivation to participate in trainings or job seeking. Health-related issues might also have built a barrier to changes in work life. The project was able to widen participants' understanding of job opportunities, despite these perceived obstacles.

From the employers' side, some of the obstacles included a certain prejudice about old age workers such as an assumed lack of flexibility and outdated competences, and a shorter remaining work period. The project was able to contribute to reducing these prejudices by bringing stakeholders together.

The project provided an important contribution towards bringing different stakeholders together to develop measures targeted at the older age group. As discussed above, there are not many measures that specifically cater for this age group. This project is a good example of an intervention that was designed with the specific needs of the target group in mind.