

**DIRECTORATE FOR EMPLOYMENT, LABOUR AND SOCIAL AFFAIRS
EMPLOYMENT, LABOUR AND SOCIAL AFFAIRS COMMITTEE**

DRAFT RECOMMENDATION OF THE COUNCIL ON AGEING AND EMPLOYMENT POLICIES

5-6 November 2015

This paper presents the draft Recommendation of the Council on Ageing and Employment Policies and is the first revision of an earlier document DELSA/ELSA(2015)17 shared in June 2015 with ELSAC delegates for written comments.

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NOTE BY THE SECRETARIAT

1. This document presents the draft *Recommendation of the Council on Ageing and Employment Policies* (hereafter the “draft Recommendation”), which was developed by the Employment, Labour and Social Affairs Committee (ELSAC) and is reproduced in the Annex.

Rationale for developing the draft Recommendation

2. People are living longer, but what is a boon for individuals can be challenging for societies. Demographic trends show that if nothing is done to change existing work and retirement patterns, the number of retirees per worker in OECD Members is projected on average to double over the next five decades. The pace of ageing will be particularly dramatic in Japan, Korea and Germany. This could dampen the trend of rising living standards observed in previous decades and put enormous pressure on younger generations who will be financing social protection systems. Promoting longer working lives will help share the benefits of longer life expectancy more fairly and will help to ensure that decent incomes in retirement can be ensured on a sustainable basis. Achieving this objective will require taking a lifecycle perspective to policy making which takes into account all of the factors affecting the length and quality of working lives. The objective should be to ensure that older people have access to better employment choices and opportunities. In the first place, this requires overhauling policies, practices and attitudes that discourage work at an older age.

3. The OECD has carried out many in-depth reviews of policies and practices to promote employment at an older age. In particular, keeping ageing people working is one of the key steps towards an “Active Society”, the OECD watchword which was first mentioned in the 1988 edition of the *Employment Outlook* and was further emphasised in following reports. In particular, a major multi-country¹ review of ageing and employment policies covering 21 OECD Members was conducted during 2003-05 and summarised in the 2006 synthesis report *Live Longer, Work Longer*, launched after a High-Level Policy Forum in Brussels in October 2005.² This report put forward an age-friendly policy agenda for reform in three broad areas: i) strengthening incentives to carry on working; ii) tackling employment barriers on the side of employers; and iii) improving the employability of workers.

4. Many OECD Members have since undertaken a number of reforms consistent with that policy agenda and the evidence shows that the employment rates of older people have increased in many OECD Members over the past decade, particularly for those aged 50-59. Despite these encouraging developments, there remains considerable scope for further improvement. In particular:

¹ Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States. For further information, see <http://www.oecd.org/els/employment/olderworkers>

² OECD (2006), *Live Longer, Work Longer*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264035881-en>.

- Older women have lower labour market attachment in general and those in the workforce are more likely to have extended periods of leave in their work history. Ensuring that older women with a marginal attachment to the workforce stay in the labour market is particularly important given women's longer longevity and lower average incomes and level of savings;
- Much of the policy focus to deliver longer working lives has been in the first of the three areas of the OECD age-friendly policy agenda, namely on reforming old-age pensions, restricting early retirement schemes and other passive benefits, and raising retirement ages. Policy action in the second (removing employer barriers) and third (promoting employability) areas has been less frequent and sometimes only at the margin;
- Promoting job retention, but also facilitating job mobility and hiring of older workers is crucial to prevent those who lose their job at an older age from becoming long-term unemployed and facing a difficult transition to late retirement, being too young to retire but "too old" to find a new job. It is also essential to sustain and improve the employability of workers throughout their working lives by, for example, promoting better opportunities for lifelong learning;
- Meeting the challenges of rapid population ageing requires an integrated approach and a comprehensive set of reforms to achieve longer working lives and boost labour market prospects for older people. Governments cannot face these challenges single-handedly. The social partners, together with older workers themselves and NGOs focusing on this issue, have key roles to play in co-operating with public authorities to facilitate longer working lives.

5. These are the main messages of the OECD review which was conducted in 2011-15 to assess the extent to which OECD Members have implemented the 2006 agenda of *Live Longer, Work Longer*.³ As part of the review, recent reforms and measures in OECD Members were assessed. In addition, seven country case studies⁴ evaluated in detail the impact of recent policy reforms and identified good-practice measures. A synthesis of this work will be presented in the report *Working Better with Age* (forthcoming in 2016).

Scope of the draft Recommendation

6. All countries under the strain of rapid population ageing face many common challenges in promoting employment at an older age. Therefore, the purpose of this draft Recommendation is to identify a set of policy principles achieve the necessary change, acknowledging that Members and non-Members having adhered to it (the "Adherents") must take into account their own labour market institutions and histories in their implementation.

7. The draft Recommendation promotes a process of mutual learning on policies to work longer and provide guidance to national policy development in a complex field that is essential for achieving better social, education and labour market outcomes and thereby more inclusive growth.

8. Three mutually supportive areas are put forward in the draft Recommendation: i) strengthening incentives for workers to build up longer careers and to continue working at an older age; ii) encouraging employers to retain and hire older workers; and iii) promoting the employability of workers throughout their working lives with a view to strengthen employment opportunities at an older age.

³ see more on www.oecd.org/els/employment/olderworkers

⁴ Denmark, France, Korea, Netherlands, Norway, Poland and Switzerland.

9. The draft Recommendation takes into account the significant foundation already provided by several international policy standards on various aspects of ageing. This includes:

- The Madrid International Plan of Action on Ageing following the Second United Nations (UN) World Assembly on Ageing of 2002;
- The Guiding Principles for Active Ageing and Solidarity between Generations, jointly agreed by the Social Protection Committee and the Employment Committee of the European Union under the 2012 European Year for Active Ageing and Solidarity between Generations;
- The Sustainable Development Goal (SDG 10.2) which notably aims at promoting the economic inclusion of all, irrespective of age agreed at the UN in the 2030 Agenda for Sustainable Development; and
- The Universal Social Protection Initiative of the WBG and ILO which notably aims at reducing inequalities in old age, in particular through the provision of a set of integrated policies designed to ensure income security and support to all people across the life cycle.

Follow-up and monitoring mechanism

10. Policy solutions are evolving gradually in many Members as well as in non-Members. Benchmarking, learning from innovations and reform experiences in other Members and non-Members, and sharing the success of effective approaches can spur faster progress in promoting longer working lives. It is proposed that the ELSAC serves as a forum for exchange of views and for sharing experience and good practices on matters related to the draft Recommendation. The ELSAC could also be instructed by the Council to support Adherents efforts to implement the draft Recommendation through comparative data, analytical studies and measurable policy indicators.

11. It is also proposed that the draft Recommendation contain a provision by which the Council would instruct the ELSAC to monitor its implementation and to report thereon to the Council no later than five years following its adoption and regularly thereafter. A first follow-up report would usually be transmitted to the Council three years after adoption but considering that the draft Recommendation would involve considerable structural reform and/or co-ordination and integration of change across services and jurisdictions reporting every fifth year is more appropriate.

12. The ELSAC would have to agree upon a monitoring mechanism. The exact form and format is open for discussion between Adherents as there is no standard procedure for monitoring the implementation of an OECD Recommendation. This flexibility allows Committees to develop the mechanism that is the most appropriate to the scope and content of the Recommendations under their responsibility. In certain cases, it has involved a questionnaire sent to Adherents to review progress made in the different areas of the Recommendation and interesting new policy initiatives. The Secretariat usually provides assistance in this regard as requested by Committees, for instance in the form of additional analysis or the compilation of measurable policy indicators or by facilitating knowledge exchange and sharing of good practices in promoting longer working lives.

13. The monitoring mechanism is particularly helpful to assess the continuing relevance of an OECD Recommendation and as a result, it is frequent that, after a few years of existence, the committee proposes to the Council, for adoption, the revision of a Recommendation under its responsibility.

Process to develop the draft Recommendation and next steps

14. The proposal to develop the draft Recommendation was first discussed in the ELSAC at its 17 April 2015 meeting [[DELSA/ELSA\(2015\)2](#)]. Delegates expressed interest in the draft Recommendation and asked the Secretariat to prepare a draft for their consideration. A proposal for a draft Recommendation was shared in June 2015 with ELSAC delegates for written comments with a view to receive from delegates an approval of the proposal to develop the draft Recommendation as well as written comments on its content [[DELSA/ELSA\(2015\)17](#)]. Following a broad support from ELSAC delegates on the development of a draft Recommendation, the present document incorporates the comments from Members. In the first half of October 2015, a new version of the draft Recommendation will be prepared by the Secretariat on the basis of the additional comments received. This version will be shared with delegates in time for the next ELSAC meetings. Following ELSAC approval, the draft Recommendation will be presented to Ministers of Employment at the Meeting of Employment Ministers, in January 2016. Ministers will be asked to welcome the draft Recommendation and approve its transmission to the Council for adoption.

15. ELSAC delegates are invited to:

- **Provide written comments** on the draft Recommendation of the Council on Ageing and Employment Policies, as reproduced in the Annex to this document.

16. The deadline for submitting written comments is Monday 5th October 2015.

ANNEX

DRAFT RECOMMENDATION OF THE COUNCIL ON AGEING AND EMPLOYMENT POLICIES

THE COUNCIL,

HAVING REGARD to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the Recommendation of the Council on a General Employment and Manpower Policy [C(76)37];

HAVING REGARD to the Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship [[C/MIN\(2013\)5/FINAL](#)];

WELCOMING the reports towards an Active Society delivered by the OECD since the 1980s and the major in-depth OECD multi-country review of ageing and employment policies conducted since 2003;

CONSIDERING that important steps have already been taken by governments, the private sector, employers, trade unions and non-governmental organisations to put forward policies and initiatives for reform in the following three broad areas: i) strengthening incentives to carry on working; ii) tackling employment barriers on the side of employers; and iii) improving the employability of workers;

RECOGNISING that there remains considerable scope for further progress towards the objective of an integrated and comprehensive policy approach to achieve longer working lives and boost labour market prospects for older people;

RECOGNISING that strong and effective actions by all actors are still needed in both the public and private sectors to remove the remaining persistent obstacles to longer working lives and monitor the progress in achieving this goal together, including by supporting the efforts of developing and emerging countries;

On the proposal of the Employment, Labour and Social Affairs Committee:

I. RECOMMENDS that Members and non-Members having adhered to this Recommendation (hereafter the “Adherents”) strengthen incentives for workers to build up longer careers and to continue working at an older age. To this effect, Adherents should, as appropriate:

a) **enhance incentives to continue working at an older age** by ensuring that the old-age pension system encourages and rewards later retirement in line with increased life expectancy while ensuring adequacy of pension payments;

b) **encourage longer careers** through more flexibility in work-retirement transitions, including by promoting phased retirement, better balancing work and care and permitting the combination of pensions with work income;

c) **restrict the use of publicly-funded early-retirement schemes** which encourage workers to leave employment while they are still in good health and able to work

d) **ensure that welfare benefits such as unemployment and disability benefits are used for their original purpose** rather than to facilitate early retirement for those still able to work.

16. II. RECOMMENDS that Adherents encourage employers to retain and hire older workers. To this effect, Adherents should, as appropriate:

a) **address discrimination in employment on the basis of age** by taking measures, including age discrimination legislation and public-awareness campaigns, to eliminate discrimination in the recruitment, promotion and training process, and in employment terminations in collaboration and consultation with employers' and workers' representatives;

b) **take a balanced approach to employment protection** by ensuring that age is not a criterion in determining the level of employment protection while increasing the range and quality of job opportunities open to older workers;

c) **discourage or further restrict mandatory retirement** by employers in close consultation and collaboration with employers' and workers' representatives;

d) **encourage employer and worker representatives to address those mechanisms that by linking pay and working conditions to age or length of service discourage the retention and hiring of older workers**, including reviewing their practices in setting pay to reflect productivity and experience, not age;

e) **provide employers with guidance on good practice in managing an age-diverse workforce** through public and private initiatives that provide guidance on issues such as promoting a sharing of knowledge and experience across different age groups and adjusting work responsibilities and working-time arrangements to the changing capacities of workers and their family responsibilities over their life course.

17. III. RECOMMENDS that Adherents promote the employability of workers throughout their working lives with a view to strengthening employment opportunities at an older age. To this effect, Adherents should as appropriate:

a) **enhance participation in training by workers throughout their working lives** by ensuring that training is adjusted to reflect the experience and learning needs of workers at different ages, including strengthening access to work-based training for those with a marginal attachment to the workforce, encouraging increased investment in skills development at mid-career and improving the attractiveness of training and its potential returns for older workers by adapting teaching and learning methods and content to their needs;

b) **provide effective employment assistance to jobseekers**, irrespective of their age, but targeted at those groups most at risk of long-term joblessness. Older jobseekers should have the same obligations as younger jobseekers for receiving unemployment benefits in terms of actively seeking a job, but also the same rights in terms of access to targeted re-employment services;

c) **improve working conditions** through a broad-based strategy to improve job quality for workers at all ages, in terms of strengthening workplace safety and physical and mental health, reducing the incidence of hazardous work, balancing professional and family responsibilities, and facilitating job mobility as a function of the changing experience and capacities of workers.

- IV. INVITES** the Secretary-General to disseminate this Recommendation.
- V. INVITES** Adherents to disseminate this Recommendation.
- VI. INVITES** non-Adherents to take account of and adhere to this Recommendation.
- VII. INSTRUCTS** the Employment, Labour and Social Affairs Committee to:
 - a) serve periodically or at the request of Adherents as a forum for exchange of views and for sharing experiences and good practices on matters related to the Recommendation;
 - b) support the efforts of Adherents to implement this Recommendation through comparative data, analytical studies and measurable policy indicators;
 - c) monitor the implementation of this Recommendation and report thereon to the Council no later than five years following its adoption and regularly thereafter.