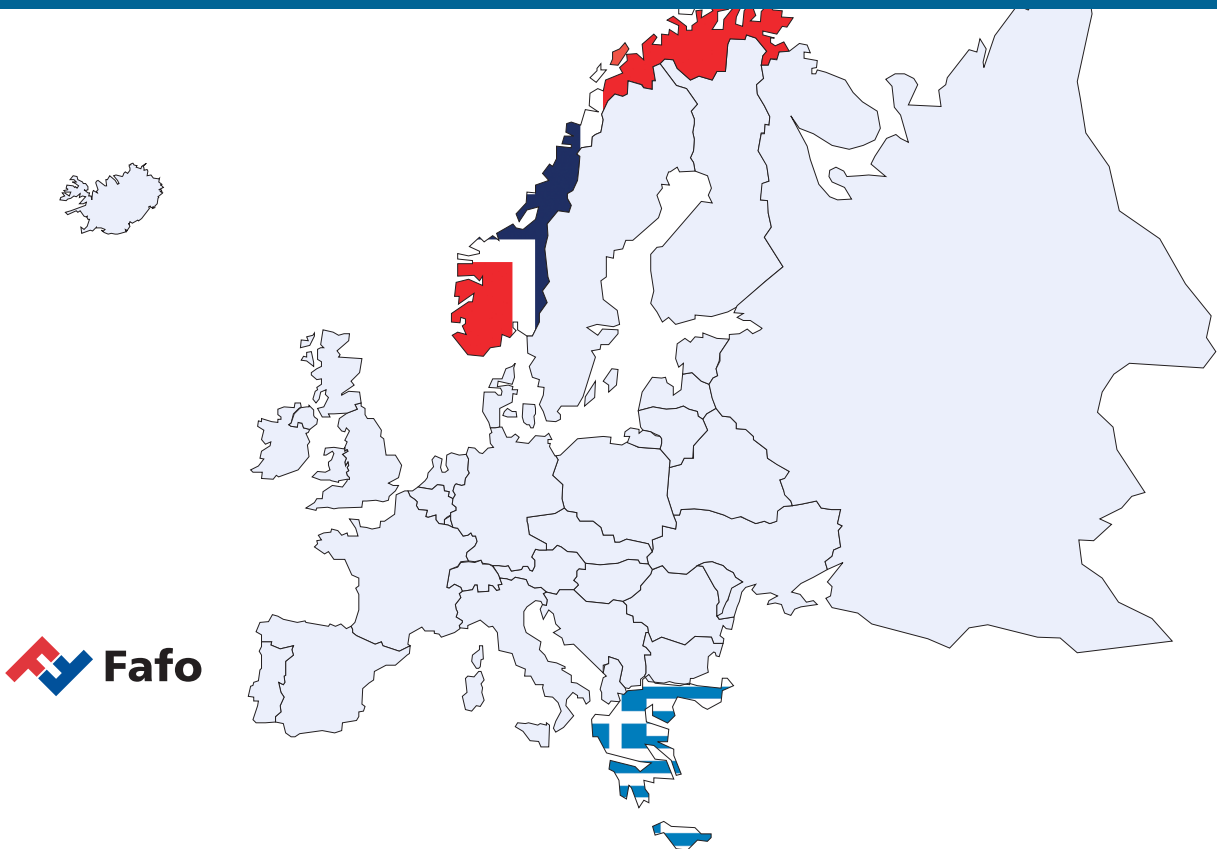


Magne Bråthen and Tone Fløtten

The Norwegian social model – an inspiration for Greece?



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Foreword

Norway and Greece were unequally affected by the financial crisis. While Norway was one of the countries that came out of the crisis in a relatively sound condition, Greece was one of the countries hardest hit. In the aftermath of the crisis Greece has introduced several welfare reforms, but the country still aims at improving the effectiveness, efficiency and fairness of its welfare state further. The Greek Ministry of Labour, Social Security & Social Solidarity and the Norwegian Ministry of Labour and Social Affairs asked Fafo to conduct a study where relevant features of the Norwegian social model are highlighted and where features of the Norwegian model that could be an inspiration for Greece are identified.

Fafo has conducted three workshops in course of the project where delegates from several Greek directorates participated as well as representatives from one of the 13 regions in Greece and from one municipality. Field visits were also made, to a Labour Inspection Department and a Local Centre for Promotion to Employment of OAED. We are deeply grateful for how generously the participants in these workshops and the employees at the local offices shared information with us and how enthusiastic they took part in the discussions.

A special thanks to Maria Argyri from the Ministry of Labour, Social Security & Social Solidarity who has been Fafo's contact point in the project and who has been most helpful in providing us with information and assistance throughout the project period.

Thank also to Odd-Helge Askevold from the Norwegian Ministry of Labour and Social Affairs who has joined us in all the three workshops, who has shared his knowledge of both Greek and Norwegian social policy and who had many relevant remarks to the first draft of the report. Finally, thanks to our colleague Arne Backer Grønningsæter for his insightful comments to an earlier draft of this report, and to Agneta Kolstad and Bente Bakken for preparing the report for publishing. If there are remaining errors and shortcomings these are the responsibilities of the authors alone.

Oslo, 22/11 2016

Magne Bråthen

Tone Fløtten

1 Introduction

In all welfare states, the social exclusion of vulnerable groups is considered a major challenge. A principal objective of welfare policies is to prevent poverty. To achieve this, it is of vital importance that no one is socially excluded and that as many as possible are included in the labour market. Within both Greece and Norway, welfare policies and measures to assure decent living conditions and to prevent social exclusion have been developed. Still, the countries and the policies differ in many respects and the inclusion challenge is to be met within two distinct labour and welfare models, and within countries that currently face fundamentally different economic conditions. Given the current economic situation in Greece there is a need for creative approaches to develop policies that help alleviate poverty and prevent the social exclusion of vulnerable groups.

In search of such approaches, the Greek Ministry of Labour and Social Affairs has initiated a project where features of the Norwegian Social Model that could be relevantly inspirational for the Greek authorities, are to be described and discussed. The ambition of the project is not to conduct a full-scale comparison of Greek and Norwegian welfare policies. The aim has rather been to highlight those elements of the Nordic social model that are considered especially important to explain the relatively favourable living conditions both Norwegians and inhabitants in the other Nordic countries experience. The scope of the study is limited to policies relevant for enhancing social inclusion and preventing poverty, hence only parts of the total Nordic welfare model are examined. As we will later illustrate, there are redistributing and including measures in many political areas in Norway, but in this report the attention is directed towards policies especially aimed at labour market inclusion.

1.1 Method

To identify what features of the Norwegian model would be relevant for Greece, Fafo conducted three workshops in cooperation with the Ministry of Labour, Social Security & Social Solidarity in Greece and the Ministry of Labour and Social Affairs in Norway. Two of the workshops were held in Athens. Here, delegates from several Greek directorates participated, such as the Directorate of employment, the Directorate for protection of people with disabilities, the Directorate of social perception and solidarity,

the Directorate of protection of family, and the Directorate of social protection and social cohesion participated. Presentations were also given by the Manpower Employment Organisation (OAED), the European Social Fund Coordination & Monitoring Authority (EYSEKT), and representatives from one of the 13 regions in Greece and from one municipality.

The workshops covered descriptions of the Greek labour and welfare model, benefits and services aimed at social inclusion, and the legal framework of the policies. Other topics that were covered were programmes for integration into the labour market, and questions related to policy implementation and monitoring. Fafo also made field visits to a Labour Inspection Department and a Local Centre for Promotion to Employment of OAED. The seminar held in Norway focused on different aspects of the Norwegian or Nordic model, and discussed the authorities' response to some of the current challenges.

In addition, the presentations and discussions in this report are based on a document analysis of public plans and studies, research, and reports mainly from OECD that describe the situation and the current reforms in Greece as well as different aspects of the Norwegian model (see references).

1.2 Structure of the report

In this report the main features of Norwegian labour and welfare policies, the so-called Nordic Model, are focused upon. Chapter two begins with a brief statistical comparison of Norway and Greece, as a backdrop for subsequent presentations and discussions. In the third chapter, the origin of the Nordic model, and its main elements, will be portrayed. The most common explanations of why the model can produce stable economies and comparatively good living conditions will be commented upon.

After the more general presentation of the Nordic model, a map of the system of governance will be drawn in chapter four. What are the main public bodies responsible for the Norwegian welfare policy, what characterises the organisational structure and what is the division of responsibility among these bodies? Some figures illustrating differences in general spending and allocation of resources to different parts of the welfare system will be included in this chapter.

The Norwegian welfare state consists of a series of political measures; allowances as well as services. In chapter five the most relevant allowances aimed at those temporarily or permanently outside the labour market will be described before the discussion is narrowed to address the programmes aimed specifically at labour market inclusion in chapter six and poverty relief policies in chapter seven. In Norway, as well as in the other Scandinavian countries, there is an extensive use of Active labour market policies

(ALMP). In this report three specific programmes will be given special attention: The qualification programme for long term recipients of social assistance, the introductory programme for refugees and the apprenticeship programme.

To be able to evaluate the effect of policies, a system of monitoring must be in place. In Norway, extensive data registers have been developed, where information may be found about the population's living conditions, labour market affiliations, use of public services, composition of income, family situation, health etc. In chapter eight the structure of these registers will be described, as well as how data is gathered and how this data may be used to monitor social progress and the effect of programmes and policies.

The aim of the final chapter is to illustrate certain elements from the Norwegian Social Inclusion model that may serve as an inspiration for other countries in their development of national social policies. But we will also discuss the extent to which policies developed within one specific context are easily transferable to other contexts. The historical development of the Nordic model cannot be duplicated by contemporary Greece, but there may be some features to gain inspiration from.

2 Similarities and differences

Greece and Norway are evidently contrasting cases for a cross-national comparison. Norway performs very well across a range of well-being indicators and dimensions, not only compared to Greece, but compared to other OECD countries in general. To establish a background for the description of Norwegian social policies, we will in this chapter present some statistics illustrating similarities and differences between Norway and Greece.

2.1 The labour market

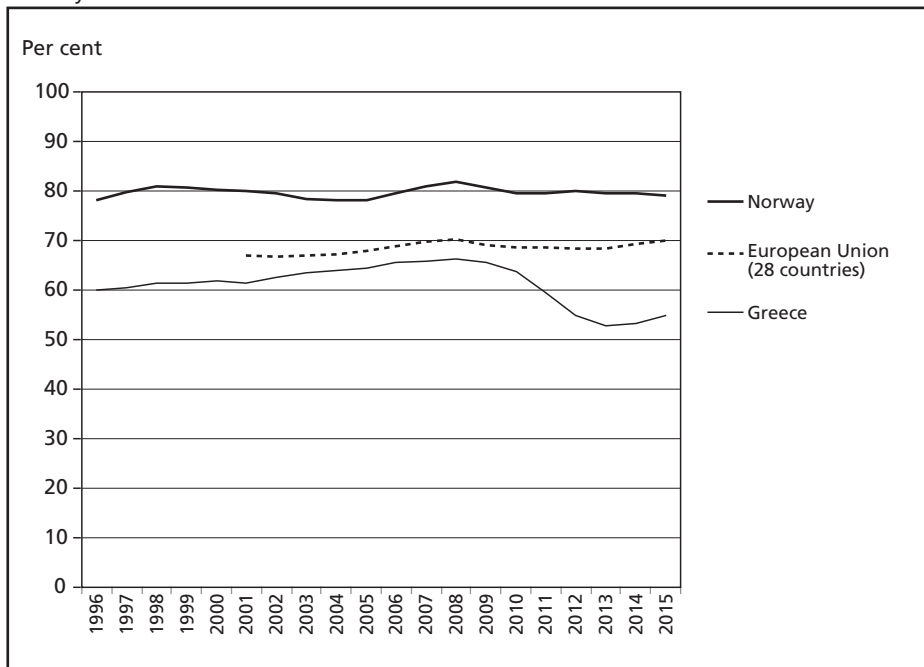
One of the most important political slogans in the Nordic countries has been “work for all”. High employment rates for both women and men, young and old have been a cornerstone for the ability to finance the welfare states. It has also been imperative to promote good living standards for all and to counteract inequality. The Norwegian employment rate has been stable at around 80 per cent since the mid-1990s, while the Greek employment rate has fluctuated at a much lower level (Figure 2.1). This is partly due to differences in unemployment rates (Figure 2.2). The unemployment rate is more than five times as high in Greece as in Norway and the differences in long-term unemployment rate is even larger (1 vs 18 per cent in 2015 (Eurostat databank, Table une_ltu_a, extracted 10/10 2016)).

The most striking difference between Norway and Greece is however the differences in employment among women and in the oldest age groups (Figure 2.3). The female employment rate in Greece peaked in 2009, at 52.9 per cent. In 2015 it was only 46 per cent. In Norway women are almost equally active as men and in recent years the female employment rate has fluctuated around 77 per cent. The difference in female employment rate between Norway and Greece was 30.6 percentage points in 2015 and except for 2004/2005 it has been above 25 percentage points the whole period covered in the figure. The corresponding difference between Greek and Norwegian men was 17 percentage points in 2015, and at its lowest the difference was only 2.3 percentage points (2005). The differences in female labour force participation, does

among others indicate differences in the role of women as providers of public welfare services and family care in the two countries.

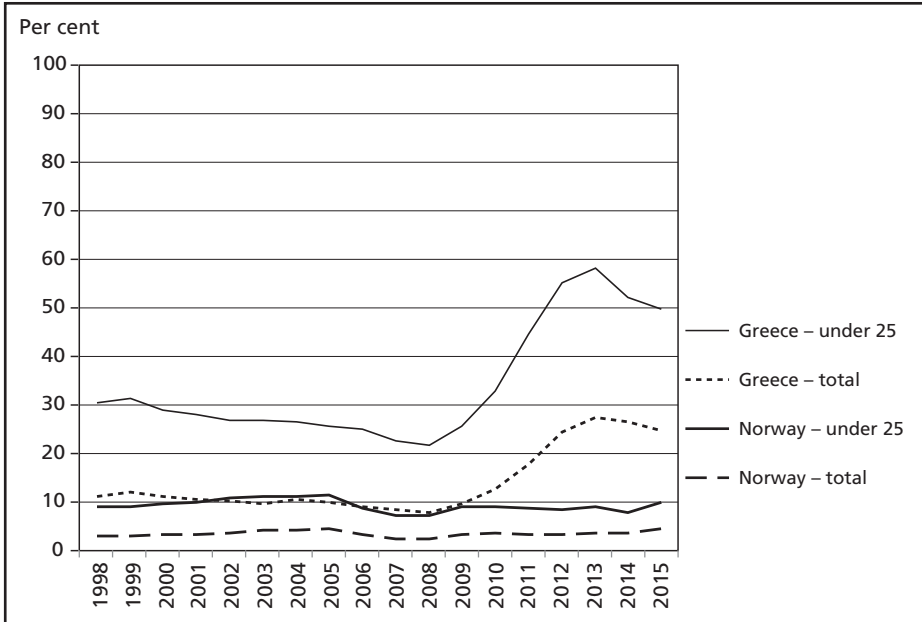
Equally, while the employment among the elderly Norwegians is increasing and have now reached more than 72 per cent, the situation is opposite in Greece. Here only a third of those between 55 and 64 years of age are employed (Figure 2.3).

Figure 2.1 Total employment rates (resident population concept - LFS). 20-64 years. Greece, Norway and EU 28. Per cent. 1996-2015.



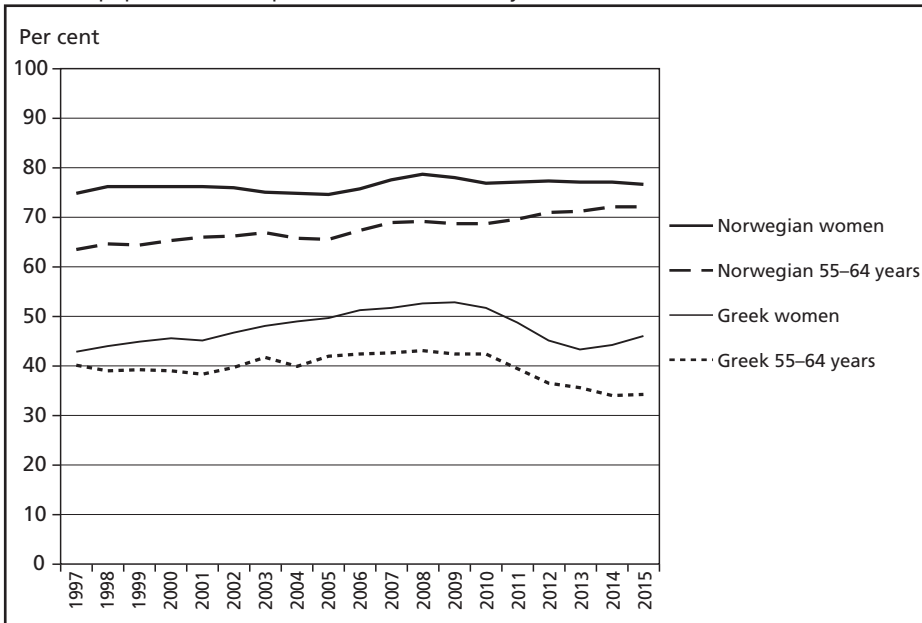
Source: Eurostat database, Table [lfsi_emp_a], extracted 11/10 2016

Figure 2.2 Unemployment rates. Norway and Greece. Total and for those under 25 years of age. Per cent. 1998-2015.



Source: Eurostat database, Table [une_rt_a], extracted 11/10 2016

Figure 2.3 Employment among women (20-64 years) and among men and women 55-64 years (resident population concept - LFS). Greece, Norway and EU 28. Per cent. 1997-2015.



Source: Eurostat database, Table [lfsi_emp_a], extracted 11/10 2016

Norway has largely succeeded in sustaining an inclusive labour market through the crisis, as 79.1 per cent of the population between 20 and 64 years of age are employed in 2015. The corresponding number for Greece is 54.9 per cent (Figure 2.1). Other relevant differences between the two countries are:

- The share of part time employees is much higher in Norway than in Greece (24 vs 9 per cent in 2015 (Eurostat database, Table lfsi_pt_q, extracted 10/10 2016)). The high employment rate among Norwegian women must be understood in light of the fact that more than one third of them work part time (vs 13 per cent of Greek women)
- Only 3 per cent of employees in Norway usually work very long hours compared to more than 6 per cent in Greece. The OECD average is 13 per cent (www.oecd-betterlifeindex.org).
- The share of Norwegian employees who have a fixed term contract is limited (8 per cent), while it is 12 per cent in Greece. The EU average is 14 per cent (Eurostat database, Table lfsa_etpga, extracted 10/10 2016).
- 32 per cent of Greek employees were at risk of becoming unemployed, whereas the risk for Norwegian employees was only 1.5 per cent in 2015 (www.oecd-betterlifeindex.org).

2.2 Income and inequality

Norway is known as an affluent country, and when GDP is adjusted for the differences in prices and cost levels (purchasing power parities – PPP), the GDP per capita in Norway is more than twice the GDP per capita in Greece (Figure 2.4). There are many factors contributing to this difference — Norwegian petroleum wealth being one and access to other natural resources such as gas, hydroelectric power and fish being others.

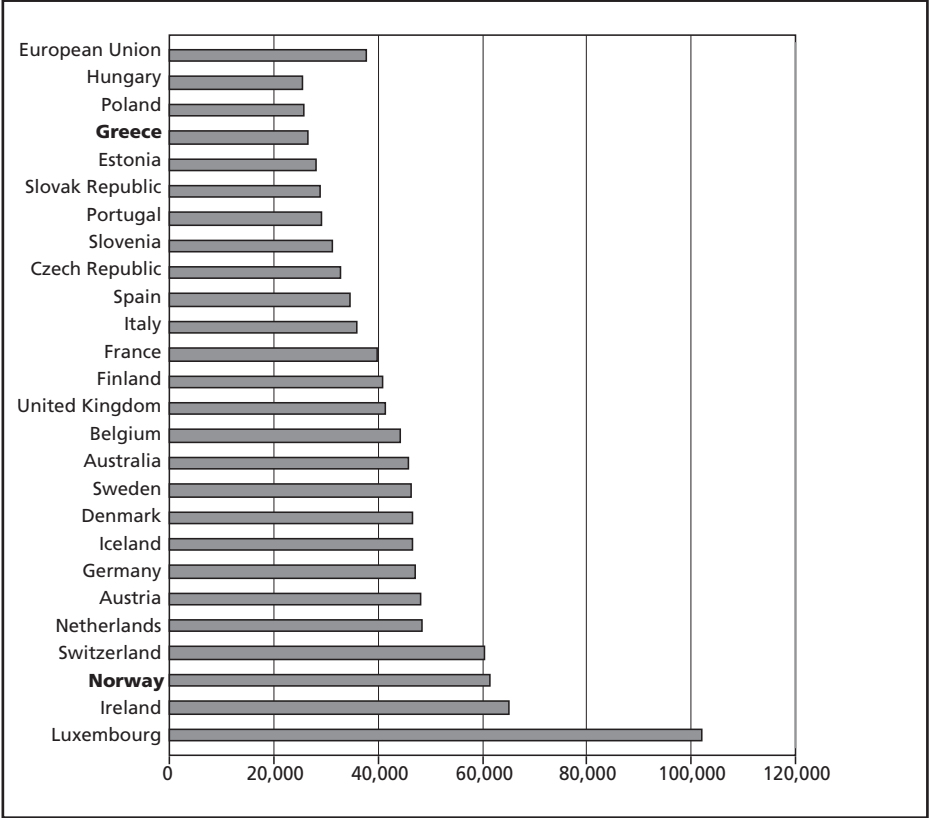
Differences in GDP are also reflected in the differences in income at the household level. The net adjusted disposable income of a Norwegian household is almost twice the size of that of a Greek household (measured in PPP dollars), indicating that an average Norwegian household can afford to consume double as much as the average Greek household without having to reduce its assets or to increase its liabilities (www.oecd-betterlifeindex.org). Important reasons for this (as well as for the differences in GDP) are the differences, displayed above, in employment levels in general and the

participation of women in the labour force in particular. In most Norwegian households, there are two working adults, and consequently the household income is higher.

At the same time the average net financial wealth of households in Norway is lower than the financial wealth of Greek households (OECD 2016). However, an important explanation for this is that the measurements used exclude assets such as the value of people’s homes. Most Norwegians own their own dwelling and most of a household’s assets are therefore invested in property. Thus, the measurements used provide only a partial picture of actual wealth.

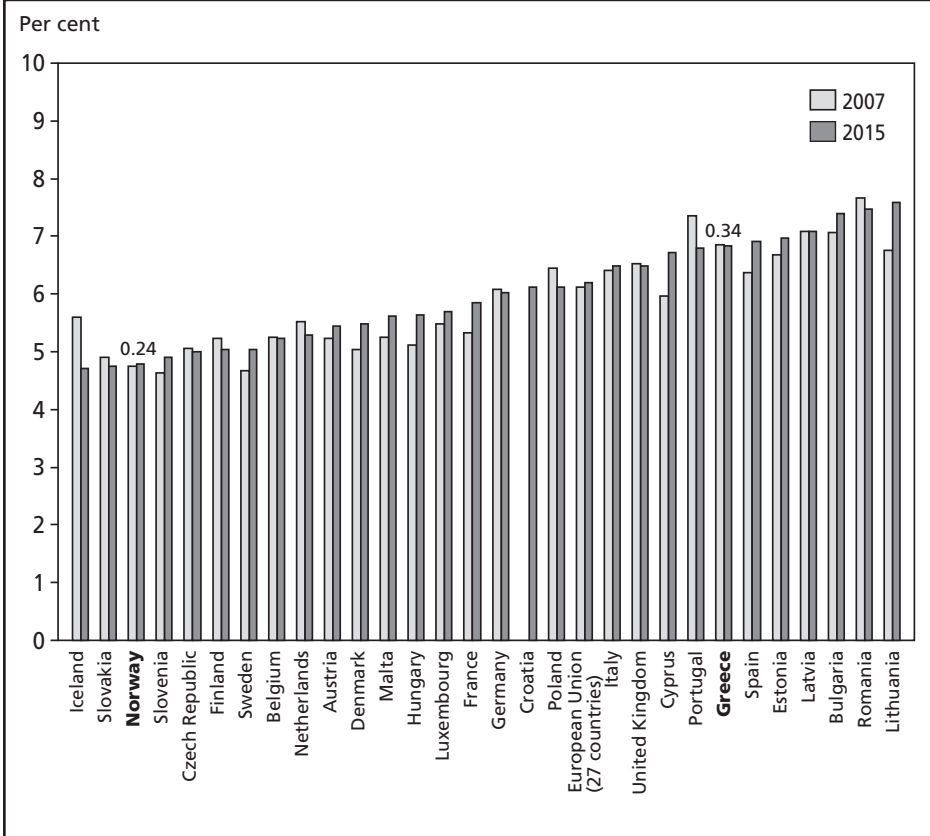
Income is only moderately redistributed in Greece and both before and after the crisis, Greece is to be found among the countries with the highest income inequalities in Europe (Figure 2.5). The risk of poverty is also much higher in Greece than in Norway, and Greece is one of eight countries in the EU where the risk-of-poverty rate exceeds 20 per cent.

Figure 2.4 Gross Domestic Product (GDP) per head. OECD countries. US \$, current prices, current PPS.



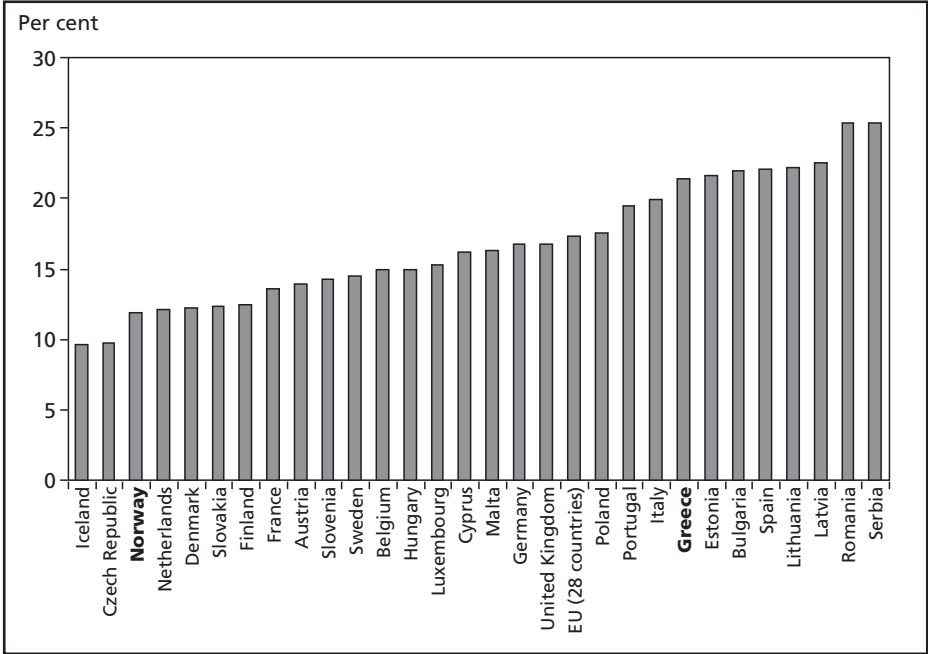
Source: Data extracted on 04 Sep 2016 16:27 UTC (GMT) from OECD.Stat

Figure 2.5 Gini coefficient of equivalised disposable income. European countries. 2007 and 2015.



Source: Eurostat database: EU-SILC survey, Table ilc_di12, extracted 1/10 2016

Figure 2.6 Risk-of-poverty rate in European countries 2015 (60 per cent of median equivalised disposable income).



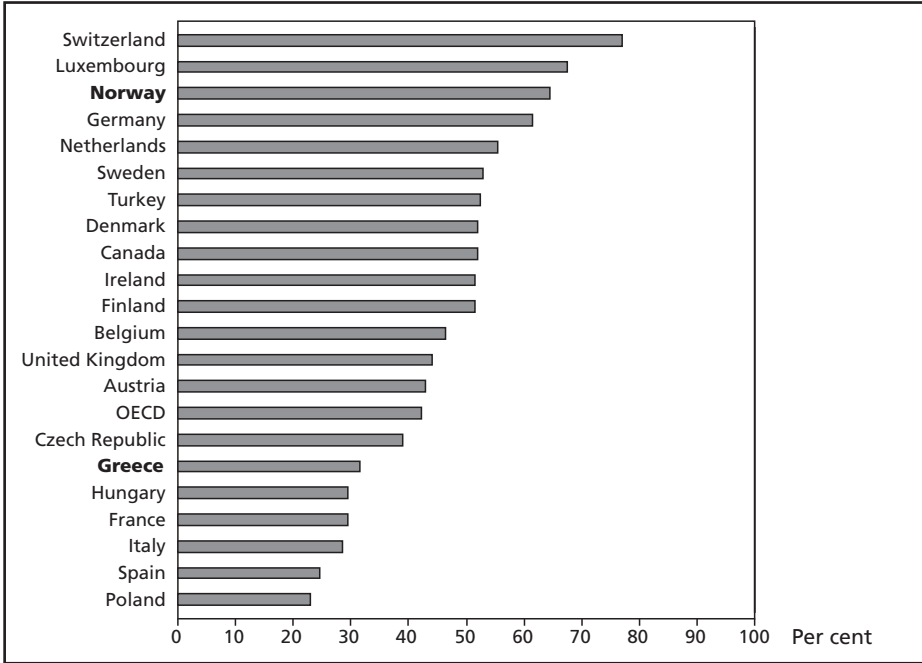
Source: Eurostat database: EU-SILC survey, Table ilc_di12, extracted 1/10 2016

2.3 Life satisfaction and trust

The factors mentioned so far in this chapter, mainly refer to material living conditions. Norway performs well in several cross-national studies, also on quality of life aspects such as environmental quality and the sense of personal security. The average level of life satisfaction in Norway is one of the highest in the OECD, while Greece has one of the lowest (www.oecdbetterlifeindex.org). Norway's and the other Nordic countries' populations also score high when asked how happy they are, while Greeks score low (Figure 2.7).

There are also differences between Greece and Norway when it comes to a sense of trust. The Norwegians display much higher confidence in their government, and in each other, than the Greek population does.

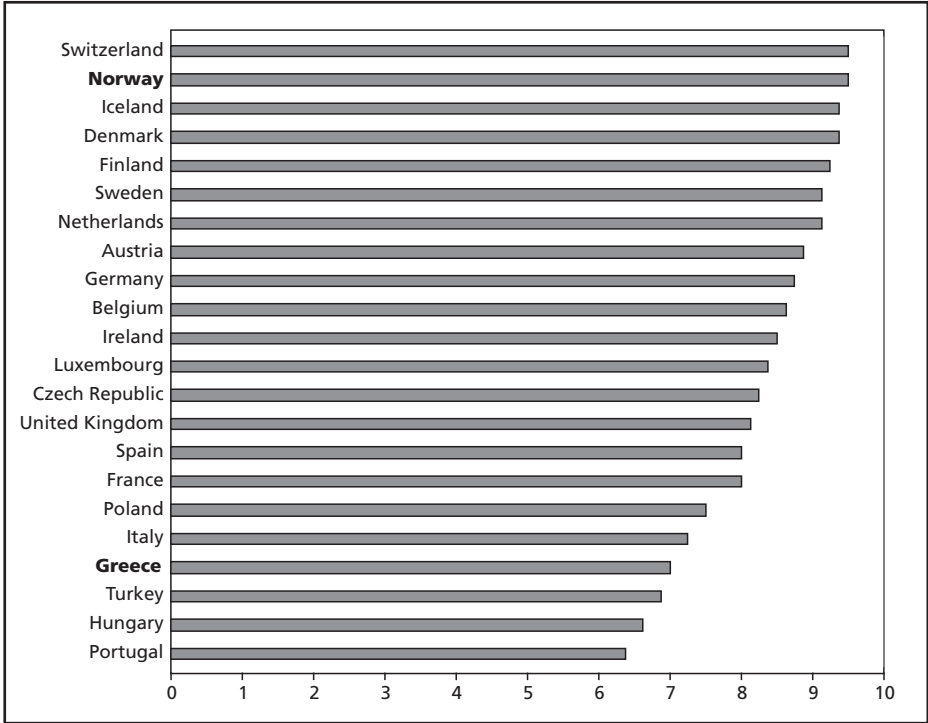
Figure 2.7 Share of population saying that they are very happy (score 9 or 10 on a scale from 0 to 10). 2010.*



Source: OECD Better Life Index – Edition 2016

* Since Greece has not been participating in the ESS since 2010, these are the latest comparable data

Figure 2.8 Percentage of people reporting that they have confidence in their national government by age, average 2014/ 2015.



Source: OECD Society at a Glance 2016

2.4 The Greek and Norwegian welfare states

In addition to the differences in their labour market situations and current living conditions, Norway and Greece also represent different welfare regimes. The Norwegian Social Model is part of the Scandinavian welfare regime, and builds on a long tradition of universal coverage of a wide range of risks. Norway is characterised by extensive redistribution policies financed by taxes, major public involvement in the production of health, education and welfare services, and the combination of family policies and labour market policies has led to high labour force participation, also among women and the elderly.

Prior to the crisis the Greek Social Model was seen as either a corporatist/conservative welfare model or as a variant of the southern European welfare regime. Welfare benefits were differentiated with respect to occupational status and there were large differences in entitlements (Karamessini 2015:2; Diekhoener & Peichl 2009). While

the state has been considered the main provider of welfare in the Scandinavian countries, the family has represented an important welfare producer in Greece. And while the Nordic welfare states are characterised by a public sector heavily involved in service provision, the Greek welfare state is more directed towards income transfers (Karamessini 2015). Consequently, the role of the public sector differs in the two countries, and so does the scope and character of several policy measures.

The old age pensions were the main benefit in the Greek welfare state, and other allowances (sickness, family, disability, unemployment) played only a marginal role. The system was also characterised by uneven access to pension benefits, favouring public sector employees and professionals (Matsaganis 2013: 18).

While the Norwegian welfare state is financed mainly by taxes and services and allowances are universal, the Greek welfare policies are financed more by paid contributions and by the employer. Income is only moderately redistributed, and this is illustrated by the high level of economic inequality as well as the high poverty rate (cf. Figures 2.4 and 2.5).

Although both Norway and Greece implemented an equal opportunity policy decades ago, relatively few Greek women participate in the labour market compared to Norway (cf. Figure 2.3). In addition, the self-employment rate is high and informal work is widespread (Karamessini 2015:7).

2.5 Norway and Greece after the financial crisis

Norway and Greece were unequally affected by the financial crisis. While Norway was one of the countries that came out of the crisis in a relatively sound condition, Greece was one of the countries hardest hit. Unemployment rose from approx. 8 per cent in 2008 to its top of 27.5 per cent in 2013 (cf. Figure 2.2). The corresponding percentages for Norway were 2.5 and 3.5 (but here the unemployment rate has slightly increased after 2013). Greece is also struggling with problems such as lower employment rates after the crisis and high poverty rates compared to most other European countries (see figures above). Furthermore, the country has budgetary deficits (Eurostat 2016).

The living conditions of the Greek population have deteriorated in the past decade and the differences between the two countries have grown. Total household income dropped by 1/3 between 2007 and 2012 (OECD 2014), and the share of the population with an enforced lack of at least three out of nine material deprivation items increased from 21.8 per cent in 2008 to 40.7 per cent in 2015. In Norway, the rate dropped from 4.6 to 4.1 per cent in the same period (Eurostat, table tessi080, extracted 30/9 2016).

Post-crisis policy reforms

Naturally enough, economic crises result in cut backs, and cuts in social transfers have been a common austerity measure in Greece as well as in other crisis-affected countries. In the shadow of the fiscal crisis, several social policy reforms have been pushed through. Budgetary cuts have prevented Greece from implementing measures to improve welfare services.

After European governments were forced to bail out systemic banks, the financial crisis was redefined as a crisis of fiscal profligacy, requiring tough and prolonged public austerity. Troubled countries such as Greece, Ireland, Portugal and Spain started pushing through austerity and reforms, including labour market deregulation, cuts in civil servant salaries, pension benefit freezes, retirement age rises, and retrenchments in social transfers and services (Hemerijck & Vandenbroucke 2012: 201)

In 2010 Greece negotiated the first loan with the European Union, The European Central Bank and the International Money Foundation (the Troika), and in return for this loan a Memorandum of Economic and Financial Policies were signed. The Memorandum committed Greece to introduce structural reforms, to cut spending and to increase taxes by implementing measures to trim down tax-evasion (EU 2010). Since it took time for the Greek economy to recover additional loans were negotiated and new Memorandums signed (EU 2012; Eurogroup 2016). In addition to the commitments outlined in the Memorandums the OECD has, on invitation from the Greek Ministry of Labour, Social Security and Welfare provided advice and recommendations on reforming Greek social programmes (OECD 2013).

Karamessini (2015: 14ff) lists several of the reforms that have been introduced in Greece to counteract the effects of the crisis, amongst others:

- Cuts in the wages of public employees
- Increase in standard working time in the public sector without an accompanying wage increase
- Introduction of a privatisation programme
- Reduction in pension benefits and increase in contributions
- Rise of retirement age from 65 to 67
- Merging all supplementary pension funds into a single one from 2012, and gradually replacing the defined-benefit pay-as-you-go system with a system of notional defined-contribution
- Decrease in public expenditure and increase in private funding of health care

- Reduction in the flat-rate unemployment benefit and raising the income threshold that serves as a means-test for entitlement. Caps on duration and abolition of all special benefits, at the same time extending the unemployment insurance to the self-employed.
- Child tax allowances and benefits for large families have been replaced by a targeted benefit granted from the first child
- The implementation of a minimum Income Guarantee Scheme has been piloted in 13 municipalities from 2014
- Introduction of an EU-funded voucher system for free access to accredited child-care structures (means-tested)
- Introduction of an EU-funded Home Help Programme for elderly and disabled persons

The financial crisis did not affect Norway in the same way and to the same degree as Greece. Compared to most other OECD countries, the economic consequences of the crisis appear more undramatic (Doppelhofer & Tøgersen 2014). Some measures have been introduced to make the financial sector better prepared for global economic fluctuations, but there has not been extensive restructuring or cut backs in the welfare sector. Most of the welfare reforms and changes undertaken after 2008 were prepared and decided upon before the crisis, and have been part of the “ordinary” development of the Norwegian welfare state. That means there has been a strong emphasis on the work approach by enhancing competence building, considering the incentive effects of welfare allowances and stressing work requirements in some schemes.

While the need for policies to alleviate poverty, and assure social welfare has been extensive in many countries in the wake of the crisis, a comparative study from the EU concludes that in some countries, among others Greece, the number of reforms that have decreased social welfare has been greater than the number of reforms with the opposite result (Arpe, Michlio & Stuchlik (eds.) 2015: 5).

There are several imminent dangers when crises are met with cut backs in social policy. First, it is very likely that persons and groups that are already in a vulnerable position will experience deteriorating living conditions. People at risk of becoming poor are for example likely to fall below the poverty line¹ and people in precarious work

¹ The Greek poverty rate has increased only marginally from 2008-2014. Decline in median income has resulted in a lower poverty threshold and the share of poor people seems almost constant (Eurostat Table tessi010, extracted 1/10 2016). Matsaganis (2013) has calculated poverty in Greece by using an anchored median measure, which is the poverty line in 2013 fixed at 60 per cent of the median income in 2009, in real terms. The anchored poverty has risen steeply, from 20 per cent in 2009 to 37 per cent in 2012 (Matsaganis 2013: 11).

situations are likely to lose their jobs. The high unemployment rate among foreigners after the crisis exemplifies this (OECD/European Union 2015).

Second, transforming the welfare state in a more residual direction will also lead to poorer living conditions for groups that in the outset had a relatively strong social security and who therefore placed their trust in public institutions. Building trust in key public institutions is pointed out as an important concern for countries in crisis (Arpe, Michlio & Stuchlik (eds.) 2015: 85), and leaving large shares of the population with the feeling that the welfare state is incapable of meeting their needs, is not appropriate in this respect.

Third, cut backs in social transfers and/or services can affect peoples' attitudes towards the welfare state. If the welfare state becomes more marginal, there is a risk that people will become accustomed to a low welfare level and support for welfare reforms may be scarce. In addition, the cuts and downsizing of the welfare state may have led to discouragement and apathy among the population, making people less innovative and creative in a situation where this is essential.

At the same time, the fact that the reforms taking place in Greece were not merely seen as short-term measures to deal with the crisis must not be disparaged. Some reforms were considered necessary to change the way the Greek welfare state and labour market functioned prior to the crisis.

Fourth, cuts and downsizing in the welfare state will lead to a reduction in domestic demand for goods and services. In addition, fewer people will be employed in the public sector and this will reduce the tax base and tax revenues (unless previous public employees obtain other jobs). Welfare states work is an important automatic stabiliser in times of crises, both because of its role as employer and because welfare state measures can be introduced to counteract the effect of crises. According to Hemerijck & Vandenbroucke (2012: 207) "the social safety net is the main channel by which the welfare state cushions shocks". The authors underline that these automatic stabilisers will not work unless the public finances are in a sound condition, and they argue further that countries with extended tax-financing of the welfare state tend to have larger automatic stabilisers than other countries.

It is of the uttermost importance that also in times of crises the situation of vulnerable groups is considered. For crisis-hit countries it is "easy" to concentrate on those who lose their jobs in the wake of the crisis, but who have a good chance of returning to employment when the economy recovers. This group is more than large enough. However, the situation of vulnerable groups must also be carefully considered when a new social policy is in the making. This makes it relevant for Greece to "look to Norway", a country where the unemployment rate is low, but where the authorities at the same time are concerned with the fact that several hundred thousand of Norwegians in their prime working age are not in the labour force. They are out of work due to physical or mental health problems, lack of demand for their competencies, alcohol

or drug abuse, poor language skills or a combination of factors, some may suffer from discriminated and for some there are no relevant jobs available. These persons are most often provided for by public welfare allowances, and in discussions of the sustainability of the Norwegian welfare state, this high number of labour market outsiders is considered a problem. Additionally, it is not given that all who lose their jobs due to economic crises will automatically obtain new jobs when the economy recovers.

To pave the way for an inclusive welfare state after a crisis, it is probably wise to keep several fundamental aims in mind. Such aims can for example be the ambition to create a more trusting society, to motivate social partners to cooperate with the government, to have a clear work approach, to promote competence building, to secure a more equal distribution of income and to promote female employment.

3 The Nordic Model – an overview

25 years ago, many observers doomed the Nordic model to failure in a globalised economy. In 1992, the former Swedish Prime Minister, Carl Bildt, declared that “The Time for the Nordic model has passed” (New York Times, February 23rd, 1992), and there was no shortage of arguments for the collapse of the model: The public sector was judged too large and ineffective with respect to meeting the needs of an increasingly more diverse population, the model was too expensive and the tax burden too high, the trade unions were too strong and the labour markets not flexible enough.

These gloomy predictions have been proved inaccurate. The Nordic countries managed relatively well through the economic crisis in the late 1980s/early 1990s, and have further strengthened their economies. A crude comparison of GDPs per capita is one way to illustrate the strong economies of Norway and the other Nordic countries (cf. Figure 2.4). Even when checked with respect to the differences in cost levels, these countries, and especially Norway, compare well.

The Nordic economies have also succeeded in establishing good living conditions and a relatively fair distribution of economic resources, as illustrated by the low poverty figures and the low level of economic inequality (cf. Figure 2.5 and 2.6).

In a variety of international comparisons, the Nordic countries will be found at the better end, for instance when comparing global competitiveness (Schwab (ed.) 2015), ease of doing business (World Bank 2016), innovation (ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards_en), gender equality (hdr.undp.org/en/composite/GII) and corruption (www.transparency.org). Because of this, politicians across the world have looked to the Nordic countries to consider whether there is something to be learned. But what have been the keys to the success of the Nordic model?

3.1 What do the Nordic countries have in common?

The prosperity and the relatively equal distribution of economic resources in the Nordic countries did not just happen. The comparatively favourable social outcomes are results of politics and policies. Petroleum wealth is by many believed to be the reason why Norway has a generous, universal welfare state, but even though the oil revenues are not to be underestimated when explaining the country’s high GDP per capita in the

past decades, it doesn't explain it all. It must be noted that the other Nordic countries also score high in comparisons of living conditions and income, and that the main elements of the Norwegian welfare state were in place long before the discovery of oil in the North Sea.

The historical origins of the Nordic model can be traced back to the late 1800s/early 1900s. Norway, Finland and Iceland won their independence, and the combination of nation building efforts, societal upheavals in the wake of industrialisation and the rise of the labour movement paved the way for social and labour policy reforms (Dølvik 2013:14). There are several explanations of why the Nordic region developed in the way it did (see for instance Castels 1978; Alestalo & Kuhnle 1987; Baldwin 1990; Esping-Andersen 1990; Kuhnle & Hort 2004). Some scholars emphasise the strength of the social democratic parties and the labour movement. Some point to the relative weakness of the political right when the development of the universal welfare state is to be explained (Castels 1978). Others emphasise the political strength of the peasants and agrarian interests that supported the principle of universal social security (Kangas 1991; Kuhnle 2004:4). It is, however, commonly agreed that the peaceful path to democracy in Scandinavia cannot be understood without considering both the development of modern, individualised peasantry in the late 1900s (Kuhnle & Hort 2004:3) and the rise of the labour movement (Dølvik 2013). The compromises reached by the farmers' and the workers' parties in the 1930s is important in this respect (Dølvik 2013). Furthermore, the Scandinavian social democratic parties emerged from the Second World War "with new and ambitious ideas about the role of the state in national economy" (Hilson 2008: 83). And in Norway all the political parties in 1945 agreed on a joint programme to rebuild the country after the war.

Goals and values

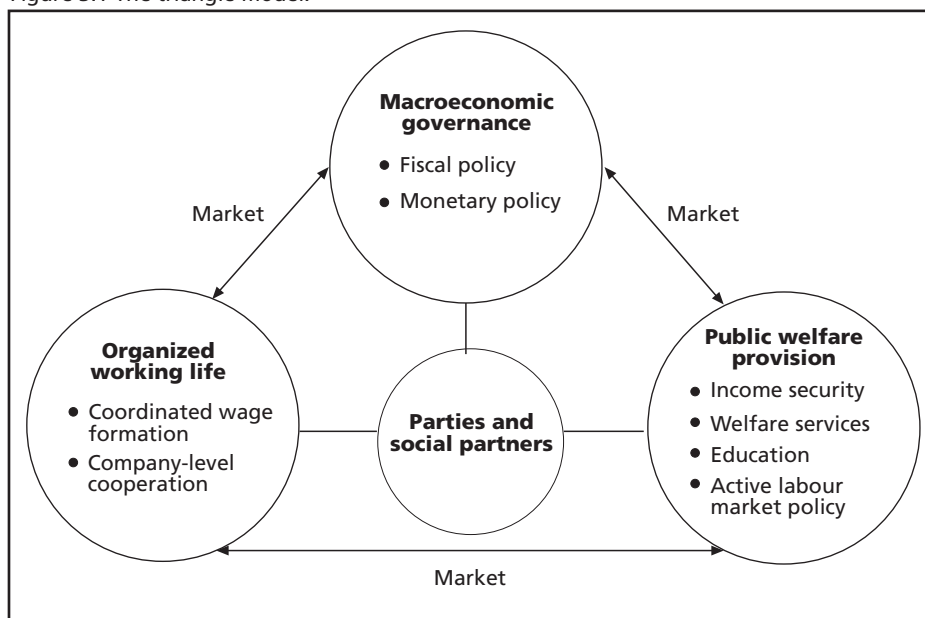
No matter diverging views of what were the most influential actors when the Nordic welfare states were created, it is unquestionable that the Nordic countries share certain values and goals in the formation of their societies. Most remarkable is the ambition to combine equality and growth. It has been an important aim in the Nordic countries that economic growth is to be balanced with social development – for all. Hence, economic growth, jobs for all, social security and equality must go hand in hand. A common motto in the Nordic countries has been that no one shall be left behind, and whereas many other European countries developed welfare states in which a main ambition was to prevent poverty, the Nordic countries stressed equal distribution as a central goal. And the goal of equal distribution not only concerned economic resources; gender equality has also been an important value. The goals of the Nordic societies were "crucial to garnering support for strategic choices and policy mechanisms, and by extension to the ability to put policies into practice." (Dølvik et al. 2014: 20).

The triangle model

To explain why international comparisons indicate that the Nordic countries have succeeded more than most other countries in achieving both efficiency and equality, many institutions and policy areas need to be considered. In Dølvik (2013:47) a triangle has been used to illustrate the Nordic model.

The first pillar of the model is the macroeconomic governance. The Nordic countries are small open economies and the fiscal and monetary policy has been aimed at combining free trade with growth, full employment and social cohesion. This has required active and stability-oriented fiscal and monetary policies, and the coordinated wage formation has been vital (Dølvik 2013).

Figure 3.1 The triangle model.

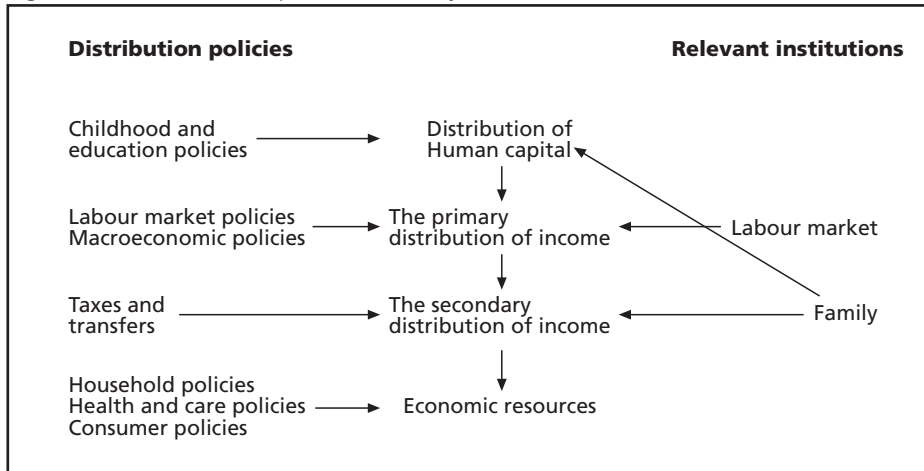


Source: Dølvik et al., 2014: 18

The second pillar of the triangle model is the public welfare state. Nordic social policy is comprehensive and aimed at broad risk coverage for the whole population. This universalistic principle means that all inhabitants are entitled to a certain level of social security, in many instances independent of previous work/wages. Citizen-based welfare secures income and living standards. Access to free healthcare, old age care and educational services promote equal opportunities and more equitable living conditions. The welfare state is tax-funded, and the public sector is by far the largest welfare provider. Labour market participation and mobility is promoted. The social

legislation is solidaristic, and redistribution efforts are embedded in a wide range of policy areas (see Figure 3.2).

Figure 3.2 Redistributive policies in Norway.



Source: NOU, 2009:10, Fig. 16.1

The third pillar is organised working life, partly regulated by law, partly by collective agreements. In all the Nordic countries, large portions of the workers are members of a trade union and the employers' organisations are also strong. The social partners play an important role in the centralised coordination of wages, and the exporting industries set the standard for the wage settlement. The social partners are also important counterparts for the government in developing productivity and restructuring measures, in developing labour market policies as well as in welfare political discussions. This indicates that they are important social actors, they take an integrated social responsibility, and they act in a far broader manner than organisations of special interests.

The broad scope of the social partners' political engagement explains why they, together with political parties, are placed in the middle of the triangle. Strong centralised organisations, both on the employers' and the workers' sides, play important roles in coordinating the three pillars of the model. Several institutions, such as the Norwegian Technical Calculation Committee for Wage Settlements, the Chief State Mediator and the Contact Committee are developed to facilitate tripartite cooperation between the government and the social partners.

The strength of the social partners and the balance of power between them is vital to assure the legitimacy of political decisions, trust among actors, confidence in institutions and trust between political actors and the population.

3.2 Positive circles – the key to success

The success of the Nordic model cannot be understood without taking into consideration the concept of “positive circles” of mutually reinforcing factors. Close relationships among different actors combined with a relatively high degree of power balance has resulted in a low conflict level. The low conflict level has nurtured both trust and respect. It has also been important to develop, and uphold, a system of coordinated problem solving, both on a central and a local level. The power balance and the close relationship between social partners have been important for creating and sustaining problem-solving mechanisms and institutions. The relationship between the trade unions and the employers’ organisations assumed the nature of what may be called *a conflict partnership*, a situation where the actors sought cooperation and mutual understanding instead of conflict.

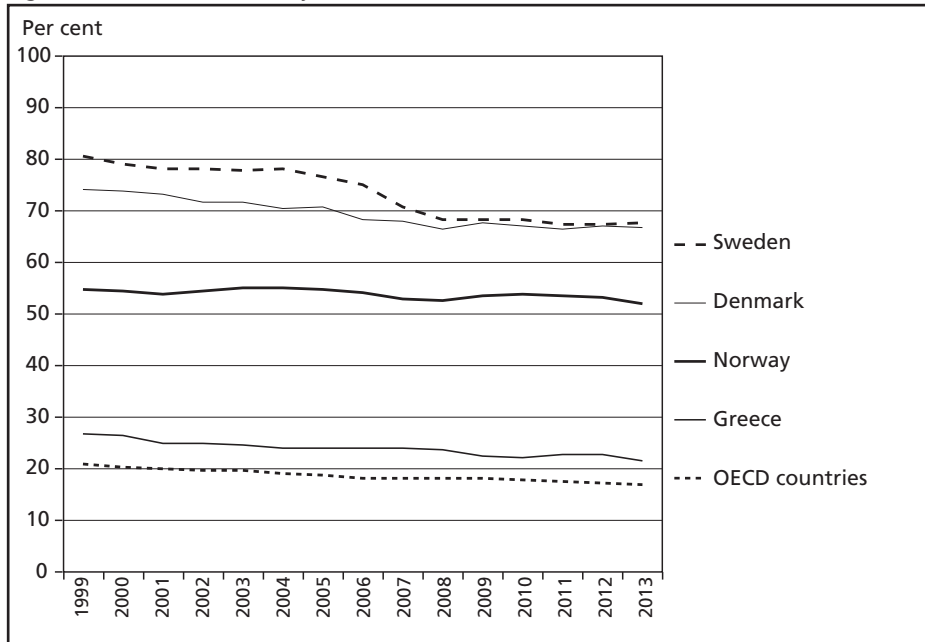
Much as the party constellations stabilised political power, the long-term context of public policies was underpinned by a relatively equal balance of power between labour and employer organisations. This meant that the actors tended to prefer cooperation over conflict, and that tripartite cooperation (labour, employers and the state) continued irrespective of which parties ruled the government (Dølvik et al. 2014: 20).

In parallel to the development of this conflict partnership, all the Nordic countries have displayed a long-term investment in human resources and the mobilisation of the labour force. Of special importance are all the measures aimed at improving female labour force participation. Opportunities to work part time, generous parental leave arrangements, coverage of child care and other family friendly policies have been important in this respect. And the universal welfare state, securing income and services for the entire population, has underpinned the willingness to pay the taxes needed to finance the welfare. This combination of factors has been, amongst others, resulted in high employment rates, low poverty rates and low levels of inequality (both economically and in other respects). The narrow income distribution has in turn created common economic circumstances, and people are therefore likely to reach similar conclusions about policies. The high level of trust between the population and the authorities is also of vital importance. A high trust-level must be seen as both a result from the model and a precondition for its functioning. The Nordic model has also hitherto been comparatively successful in coping with economic crises (Freeman 2013).

The system of a conflict partnership seems to be in contrast with the development of the industrial relation system of Greece. After the fall of the dictatorship in 1974, Greece experienced a period of rising unionism. In 1992 the unionisation rate was nearly 40 per cent (Karamessini 2015), and it is estimated that the various collective

agreements covered 85 per cent of workers (Kousta 2014, cited in Koukiadaki & Kokkinou 2016: 136).

Figure 3.3 Trade Union density, selected countries. 1999-2013.



Source: OECD.stat. Data extracted on 10 Oct 2016

But the industrial relations were conflict-based (Karamessini 2015), and there was a lack of effective coordination in collective bargaining (Koukiadaki & Kokkinou 2016: 139).

The industrial relations system and the wage-setting and employment regimes were characterised by high industrial conflict, a confrontational culture and lack of social dialogue institutions, strong state intervention in wage setting and stringent employment protection legislation, but very weak enforcement of labour and social security legal mechanisms. (Karamessini 2015:2).

Since the 1990s the unionisation rate has decreased in Greece (Figure 3.3) and the austerity measures undertaken by Greece have not improved the relationship between the social partners. From the point of view of the Troika², the labour market regulation in Greece constituted a significant barrier to growth and reforms in this area, as well as in the welfare state, and it has therefore been a key condition in the loan agreements that these regulations were reformed (Koukiadaki & Kretsos 2012: 276). According to

²The International Monetary Fund, The European Commission and The European Central Bank.

Kouzis (2011), the structural reforms have “severely weakened the role of trade unions and social policy institutions, resulting in an almost full commodification of labour” (cited in Koukiadaki & Kretsos 2012: 277). Likewise, Papadopoulos & Roumpakis (2012: 212) claim that there has been an “extensive deregulation of Greek industrial relations”. Consequently, the industrial relations of Greece and Norway are currently unequal as are the conditions for cooperation between the social partners and between the social partners and the government.

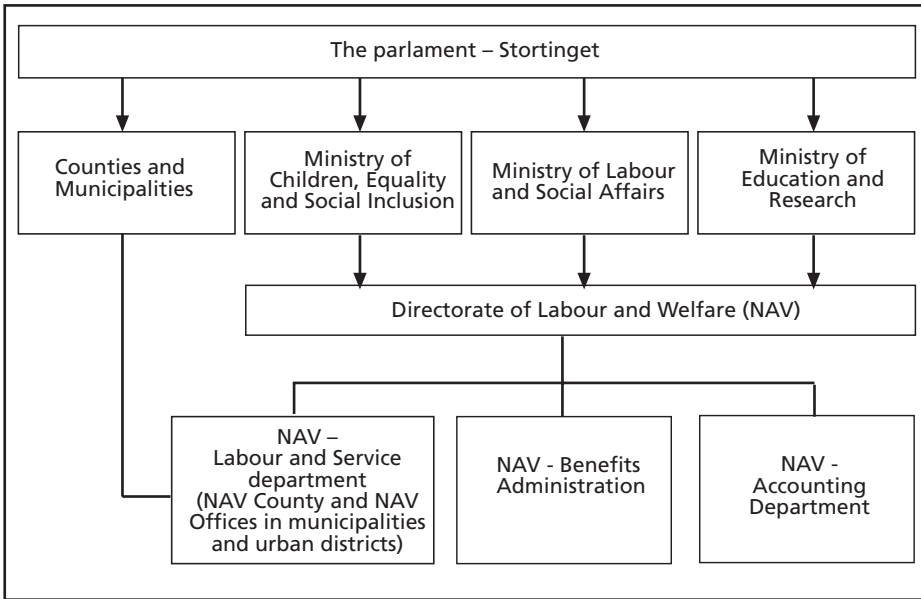
4 System of governance

In Norway, the public authorities' involvement, responsibilities and tasks have been divided among the central state, the counties and the municipalities. This means that Norway is a unitary state with a two-tier system of local government. At the central level, we find the central government, which is accountable to the national assembly/parliament – the Storting. The Storting is the legislative body and decides the economic framework within which the regional and local authorities can operate. The central government is responsible for ensuring that policies passed by Parliament are carried out in practice.

The local government consists of 19 counties and 428 municipalities. Both tiers have directly elected councils and their own administrations. The county is responsible for delivering those welfare services that are too large for an individual municipality to deliver on its own and for inter-municipal services, such as upper secondary school and public transport. The main responsibility of the municipalities is to take care of the day-to-day welfare of the inhabitants. This covers such fields as nurseries/kindergartens, child welfare, primary and lower secondary schools, care for the elderly and disabled, public primary health care, financial support for welfare clients, libraries, fire departments, municipal roads, water supply, sewage, garbage collection and disposal, and organisation of land usage within the municipality. As a result of the Local Government Act of 1992, the municipalities were granted a high degree of freedom concerning the management and organisation of their own affairs. When it comes to the substance of their policies, they are, however, bound by goals set by the state.

This means that the responsibility for carrying out Norwegian labour and welfare policy is divided between the state and the different counties and municipalities. This division of responsibility is important to bear in mind when we now give an introduction of how the social inclusion policies are organised in Norway and what benefits and services constitute the Norwegian welfare state. In this chapter, we provide an overview of how the labour and welfare system is organised in Norway.

Figure 4.1 Organisation of the labour and welfare system in Norway.



4.1 The National Insurance Scheme

The main general social insurance scheme in Norway is the National Insurance Scheme. The National Insurance Scheme (*Folketrygden*) provides compulsory coverage for all persons who are either resident or working as employees in Norway or on permanent or movable installations on the Norwegian Continental Shelf. It includes all branches of social security; cash benefits in case of illness, maternity, adoption and unemployment, benefits to single parents, medical benefits in case of illness and maternity, work assessment allowance, disability benefit, basic benefit and attendance benefit in case of disablement, technical aids etc., occupational injury benefits, old-age pension, survivor's pension, and funeral grant³. The different benefits are described in more detail in chapter 4. The delivery of benefits in all branches, except for health care, is administered by the Norwegian Labour and Welfare Administration (NAV).

The National Insurance Scheme is in part financed by social security contributions, both from the employers and the insured, and in part by taxes. With minor exceptions, the tax authorities, under the general responsibility of the Ministry of Finance

³ The exception is family allowances and cash benefits for parents with small children. These benefits have a separate statutory basis

(*Finansdepartementet*), and headed by the Directorate of Taxes (*Skattedirektoratet*), are responsible for the collection of social security contributions. The contributions from the insured are deducted from their salary by their employers, as are taxes. The self-employed normally make tax-in-advance payments, contributions included, four times a year.

4.2 The Ministries

Three Ministries, play an important role in implementing labour market and welfare policy in Norway. At the state level the Ministry of Labour and Social Affairs is responsible for the labour market policy, the working environment, pensions and welfare policy. The ministry is divided into six different departments. The department of Labour Market Affairs is responsible for tasks relating to the promotion of a well-functioning labour market, and it is responsible for policies and measures taken to help the unemployed and for some of the measures aimed at the occupationally disabled. Policies aimed at assuring income through sickness benefit, work assessment allowance, and disability pensions in the national insurance scheme, and through social security assistance are subject to the Department of Welfare Policy. The Pension Department has overriding responsibility for pension policies, while the Working Environment and Safety Department's areas of responsibility include labour law and safety and the working environment in Norwegian workplaces. The ministry is also responsible for the overall functioning of the Labour and Welfare Administration and for most of the branches of social security.

The overall responsibility for the children welfare services, family affairs, childhood development, anti-discrimination, equality and consumer affairs is placed under the Ministry of Children, Equality and Social Inclusion (*Barne-, likestillings- og inkluderingsdepartementet*). This also covers family allowances, cash benefits for small children care, cash maternity benefits and the area of child support payments.

In addition, the Ministry of Education and Research is regarded as a central partner for the Public Employment Service (NAV offices) which procures training courses for its clients from educational institutions.

4.3 The Norwegian Labour and Welfare Administration

The merger of the Labour administration and the Welfare administration

The Norwegian Labour and Welfare Administration (NAV) governs a third of the national budget through benefits such as unemployment benefits, occupational rehabilitation, pensions, childcare, etc. The agency's main goals are to make sure that the labour markets function properly, to provide social and financial assistance to people who need it, and to get more people in employment and activity and less people on social benefits - responsible for labour market policies and employment services.

NAV⁴ was established 1 July 2006 as a merger of the Labour Administration and the Welfare Administration (the NAV reform). A front-line service – a NAV office was established in every municipality, based on a binding cooperation agreement between central government and local authorities. Cooperation agreements and co-location were laid down by law. Before 2006, they were divided into three main public agencies whose coordination and collaboration was limited (Aakvik et al. 2014). The three agencies were the Norwegian Public Employment Services (PES), the National Insurance Services (NIS), and the municipality-based Social Welfare Services (SWS). The merger was one of the largest public administration reforms in Norwegian history and was aimed at addressing problems associated with increasing specialisation and institutional fragmentation in the public sector and an increasing number of people who drew welfare benefits instead of participating in the workforce. (Læg Reid & Rykkja 2013).

There were three main goals of the NAV reform (Askim et al. 2008):

1. To get more people into work and reduce the number of persons on welfare schemes such as illness benefits, social assistance and unemployment benefits.
2. To create a more efficient administrative apparatus by providing integrated social services through the NAV offices established in all the municipalities in Norway (one-stop-shops). These NAV offices were to improve effectiveness and efficiency by facilitating information and knowledge sharing, making it easier to identify the needs of each individual user, and reducing costs.
3. To make the administration more service-oriented and meet the needs of the user in a more holistic way.

NAV's implementation period lasted from October 2006 to April 2011. In this period, NAV offices were established step-by step in all the 428 municipalities in Norway. In

⁴NAV was originally short for new labour and welfare administration, but is now a brand name written in capital letters.

addition, the four large cities (Oslo, Bergen, Trondheim and Stavanger), which are divided into urban administrative districts, were given labour and welfare offices in each of these districts (Aakvik, Monstad & Holmås 2014).

As shown in Figure 3.1, NAV has a central agency: The Directorate of labour and welfare. The tasks are organised in three departments: the Labour and Service Department, the Benefits Administration and the Accounting Department.

At a regional level, there are 19 NAV County Offices including Workplace Centres. Their main responsibility is to help reduce absence due to illness, and promote inclusion in working life of older workers and the disabled. At the local level (municipalities and urban districts), the NAV offices provide the entire range of integrated activation and social security services.

The NAV offices

The NAV reform was a response to what was considered a fragmented benefit system that had negative consequences for multiservice claimants with complex problems (Christensen et al. 2014). These claimants could be struggling with their health or with social deprivation, and perhaps had been excluded from the labour market for a long time. The political response was to create a decentralised and coordinated labour and welfare agency with NAV offices, as one-stop shops, situated in every municipality in Norway (Askim et al. 2011). These local NAV offices constitute the frontline offices, the point where caseworkers meet the public. A common entrance was thought to better accommodate the diverse needs of long-term sick and disabled beneficiaries.

The caseworkers provide activation services. These services include follow-up support for claimants who need employment services and who are required to participate in activation schemes to be eligible to receive benefits (Gjersø 2016). In addition to the organisational restructuring, new activation instruments as well as changes to benefit schemes were introduced to establish common targeting of all sick and disabled people.

An important part in the establishment of NAV has also been to develop simple, user-friendly online services. These services are meant to provide each individual an easy access to their own case file, and enable them to add new information, submit applications, and when appropriate, calculate the consequences of their own choices.

Compared with one-stop shops in other European countries, the NAV office is characterised by a holistic approach, both in breadth and in depth (Minas 2014). This means that the responsibility reaches all the way from intake to exit. The office model serves a broad range of target groups, not just the unemployed. The organisational structure is characterised as decentralised with local autonomy.

4.4 Municipal social services

The municipal social services are a long-standing and important labour market actor, and regarded as an important aspect of efforts to combat poverty. They have a responsibility for providing both social services like social housing and financial support (social assistance benefits) to those who cannot support themselves from income earned in employment or from the National Social Insurance Scheme. The municipal social services work alongside caseworkers from the Norwegian Labour and Welfare Administration in the local NAV offices. It is a condition that local authorities administer the financial assistance benefits at these local offices. This means for example that applications for financial social welfare must be directed to the local NAV offices.

5 Pensions and benefits

Norway, as the other Scandinavian countries, is characterised by a relatively comprehensive cradle-to-grave coverage of the population. In this chapter, we concentrate on providing a description of the main pensions and benefits that are related to working life, which include target groups for the different benefits and the economic coverage. For more extensive specifications see The Norwegian Social Insurance Scheme (Norwegian Ministry of Labour and Social Affairs 2015).

5.1 Family policies

Cash benefits in the Case of Maternity and Adoption

The three major benefits concerning maternity and adoption are:

1. Pregnancy benefits

An employee who according to the law must stop working for a certain period prior to confinement due to hazardous working conditions or an environment that may cause harm to the foetus, has the right to pregnancy benefits. The benefit applies from the time she stops working until three weeks prior to birth, with 100 per cent compensation. Benefits are not given for income above six times the National Insurance basic amount (B.a.⁵). Self-employed persons are also entitled to pregnancy benefits.

2. Parental benefits

Insured parents, who have been in paid employment pensionable income for at least six of the ten months prior to the start of the benefit period, are entitled to parental benefits in the case of birth or adoption of a child below the age of 15.

⁵ Many benefits from the National Insurance Scheme are determined in relation to a basic amount (B.a). This amount is regulated by Parliament as at 1 May every year. In 2016 the average B.a. was approx. €10,200. The B.a. was introduced with the Insurance Act of 1967, and then it equalled the minimum pension level for full basic age pension. This was changed with the introduction of the special allowance in 1988. The B.a. is now being used as a reference point in calculating a number of pensions and benefits.

The benefit period is 49 weeks with 100 per cent compensation, or 59 weeks with 80 per cent compensation. In the case of adoption, the benefit period is 46 or 56 weeks respectively. The parental benefit basis is normally calculated based on the income amount at the start of the period. Three weeks immediately prior to birth and six weeks immediately after the birth are reserved for the mother. If both parents are entitled to parental benefits, ten weeks of the benefit period are reserved for the father (the father's quota) and ten weeks are reserved for the mother (the mother's quota, which includes the six weeks immediately after birth). The remaining part of the benefit period of 26 or 36 weeks may be shared between the parents.

Parental benefits may be combined with reduced working hours (except during the three weeks prior to and the six weeks after delivery, which are reserved for the mother). The parental benefit is then reduced correspondingly, but the benefit period is extended. Both the mother and the father can make use of this possibility. The parental benefit must be used within three years of the birth or adoption.

The number of recipients of parental benefit in the period 1 January – 30 June 2016 was 101 000.

3. Lump sum maternity grants

Women who do not qualify for parental benefits, are entitled to receive a lump sum grant of approx. €5,800⁶ in case of birth or adoption. The lump-sum grant is given at the time of birth. Fathers who adopt alone or who, under certain circumstances, take over the care for the child, may also be entitled to this grant.

The number of recipients of lump sum maternity grants in the period 1 January – 30 June 2016 was 5 800.

Family allowances (Child benefit)

The allowance is granted for all children under the age of 18 who are living in Norway. The annual rate is approx. €1,280 for each child, i.e. approx. €107 per month. Single parents are entitled to an extended child benefit under certain conditions, which constitutes allowance for one more child than they actually have (extra allowance). Single parents with children under the age of three, who, according to the Family Allowance Act, are entitled to an extra allowance and in addition are entitled to a full transitional benefit, are entitled to a supplement of approx. €870, i.e. approx. €73 per month.

The number of recipients of family allowances as of 30 June 2016 was 673 700.

⁶Exchange rate €1=NOK 9.10

Cash benefit for families with small children (Cash-for-care benefits)

Cash benefit is granted for children resident in Norway between the ages of one and two years of age or for adopted children who have not started school. The most important condition for receiving the full rate of the cash benefit is that the child is not in a day care centre that receives a public grant. If, according to agreement, the child is in the day care centre less than 20 hours a week, the family can be entitled to a reduced cash benefit.

The cash benefit is calculated according to the following rates:

Agreed time in day care centre per week	Cash benefit in percentage of full rate	NOK per month for children aged 13–23 months
No use of day care centre	100	Approx. €660 (NOK 6 000)
Up to 19 hours	50	Approx. €330 (NOK 3 000)
20 hours or more	0	0

The number of recipients has fallen sharply during the last ten years. In 2007, 60 752 received the cash benefit, compared to 26 035 in 2016. The number of recipients in June 2016 was 26 000.

Benefits to single parents

The single mother/father benefit is intended to ensure income for those caring for children on their own and to encourage self-support. A parent is considered to be single if unmarried, divorced or separated and not living together with a person:

- with whom he/she has children,
- to whom he/she has been married, or
- who cannot be excluded from being the other parent.

The single parent who has a clear majority of the daily care for the child compared to the other parent may be entitled to transitional benefit, childcare benefit, education benefit and grants to cover necessary removal expenses in order to gain employment. As a main rule, it is required that the single parent has been insured for three years immediately prior to claiming benefits. Both the parent and the child must be resident and staying in Norway.

The maximum annual transitional benefit to a single parent is 2.25 B.a. (approx. €22,950). If the single parent has an annual income from work exceeding 0.5 B.a., the transitional benefit is reduced by 45 per cent of the exceeding income.

The number of recipients of the transitional benefit was 24 900 in January 2016.

5.2 Work-related benefits

Daily Cash Benefits in the Case of Illness

The benefit is given to insured persons if he/she is incapable of working due to illness. The person must have an annual income of at least 0.5 B.a. (approx. €5,100). As a general rule, it is required that the occupational activity has lasted for at least 4 weeks prior to the onset of the illness.

Daily cash benefits for employees equal 100 per cent of pensionable income, and are paid from the first day of sickness for a period of 260 days (52 weeks). Daily cash benefits in the case of sickness are paid by the employer for the first 16 calendar days, and thereafter by the National Insurance Scheme. During the period in which daily cash benefits are paid by the employer, no minimum income level is required. Income exceeding 6 B.a. (approx. €61,200) is not considered. However, many employees have collective agreements assuring full wage compensation also for wages exceeding 6 B.a. This is for instance the case for all public employees.

The number of sickness cases 2nd quarter 2016 was 242 400.

Unemployment benefits

Unemployment benefit is intended to partially compensate for loss of income due to unemployment. To qualify for unemployment benefits, working hours must have been reduced by at least 50 per cent compared to previous working hours, and he or she must be capable of work and registered as an applicant with the Labour and Welfare service. He or she must also be available for any type of part- or full-time work or labour market measure that he or she is capable of doing, and be living or staying in Norway.

The calculation of the benefit is based on previous income (includes income from daily cash benefits during unemployment, sickness, maternity and adoption). Previous income is also a condition for entitlement. The person concerned must have had an income from work of at least 1.5 B.a. (approx. €15,300) the preceding calendar year or an income from work of at least 3 B.a. (approx. €30,600) during the three preceding calendar years. An unemployed that does not meet the income criteria can apply for Social Assistance benefit (see chapter 7.2). This is also the case in those instances when the unemployment benefit is not sufficient to meet the recipient's economic need.

The calculation of unemployment benefit is based on income from work. The benefit rate per day is 0.24 per cent of the calculation basis and this paid five days a week. This will normally amount to an annual compensation of 62.4 per cent of the calculation basis.

The benefit period varies depending on earlier income from work. Income from work amounting to at least 2 B.a. (approx. €20,400) results in a benefit period of 104

weeks (2 years). Income amounting to less than 2 B.a. results in a benefit period of 52 weeks (1 year).

As of 30 July 2016 87 700 were registered as unemployed in Norway, while 53 300 received unemployment benefits.

Work assessment allowance

An insured person between the ages of 18 and 67 can receive a work assessment allowance if his or hers work capability has been reduced by at least 50 per cent due to illness, injury or defect. Work Assessment Allowance shall cover living expenses and is normally granted when the person in question is undergoing active treatment or vocational measures, or when the person in question has tried such measures and is still considered to have a certain possibility of becoming employed, and is being followed up by the Norwegian Labour and Welfare Service.

Work Assessment Allowance is calculated on the basis of the pensionable income of the year before the working capacity was reduced by at least 50 per cent. The Work Assessment Allowance shall, however, be calculated on the basis of the average pensionable income of the last three calendar years prior to the contingency, if this results in a higher basis. The maximal calculation basis is 6 B.a (approx. €61,200). The benefit rate per year is 66 per cent of the calculation basis and is paid for five days a week. Insured persons who had low, or no, pensionable income before the working capacity was reduced by at least 50 per cent, are guaranteed a minimal annual benefit of 2 B.a. (approx. €20,400).

The maximum duration of this benefit is four years, although extensions can be made under special circumstances. The number of recipients of work assessment allowance was 147 600 in June 2016.

5.3 Disability benefits

An insured person between 18 and 67, whose income capacity is permanently reduced by at least 50 per cent due to illness, injury or defect, is entitled to the disability benefit.

For an insured person who is receiving Work Assessment Allowance when the claim for disability benefit is made, it is sufficient that the income capacity is permanently reduced by 40 per cent. The insured person may be granted a full or partial disability pension.

It is, as a general rule, required that the person has been insured for at least three years before he or she became disabled, but there are no conditions related to earlier income. The benefit is payable as long as the person remains insured.

The disability benefit rate per year is 66 per cent of the calculation basis. Income exceeding 6 B.a. (approx. €61,200) is not considered.⁷ The yearly minimum is 2.28 B.a. (approx. €4,470) for persons living with a spouse/cohabitant and 2.48 B.a. (approx. €25,300) for others.

In the case of partial disability, the benefit is reduced proportionally. A supplement of up to 40 per cent of the B.a. is on certain conditions granted for each supported child under the age of 18. This supplement is income-tested.

In June 2016 the number of disability pension recipients was 317 700.

5.4 Old Age Pension

The Norwegian pension system combines a state-based national pension programme financed through The National Insurance Scheme, with a range of private and occupational schemes and collectively negotiated pensions schemes.

The national pension system – “people’s pension”

From 2011 a pension reform was implemented in Norway. The new legislation introduced the possibility of flexible drawing of old-age pensions for persons aged 62 to 75. To draw an old-age pension before attaining the age of 67, the pension must, when the person in question reaches the age of 67, at least equal the minimum pension level for persons with an insurance period of 40 years.

The “people’s pension” may be drawn in full or in part. The drawing alternatives are 20, 40, 50, 60, 80 and 100 per cent. Work and pension may be combined, without deductions being made in the pension. If one continues to work, additional pension entitlement is earned, up to and including the year in which one attains the age of 75.

The “people’s pension” is calculated on the basis of the insurance period, and is independent of previous income and contributions paid. A full basic pension requires an insurance period of minimum 40 years.

In June 2016 the number of old age pension recipients was 882 200.

⁷ Many employers have additional pension through collective agreements.

Private pensions

Private pensions are mainly to be found as occupational pension schemes at a company level or through negotiated schemes available to those covered by collective agreements. Private pension schemes include favourable tax treatment through the postponement of income tax. According to Norwegian regulations, an occupational scheme should cover all employees in a company. This means that all employees must be covered by the same pension plan.

Collectively negotiated labour market pensions

The third pillar of the Norwegian pension system is a centrally negotiated pension arrangement in those companies covered by a collective agreement. There are different arrangements in the private and the public sector. In the private sector around 50 per cent of the employees are covered by a collective agreement (Hippe and Vøien, 2014). Pensions are paid out from the age of 62 and last until time of death. Pension withdrawal is voluntary and a later withdrawal results in higher yearly pensions. Pension payment requires that the person has been employed in a firm with a collective agreement at least 7 of the last 9 years before the age of 62, and during the last three years prior to pension withdrawal.

All employees in the public sector that meet the regulatory requirements can withdraw a negotiated labour market pension from the age of 62 and until the age of 67. This pension replaces the pension that the person would have received from the national pension system, and the two cannot be combined.

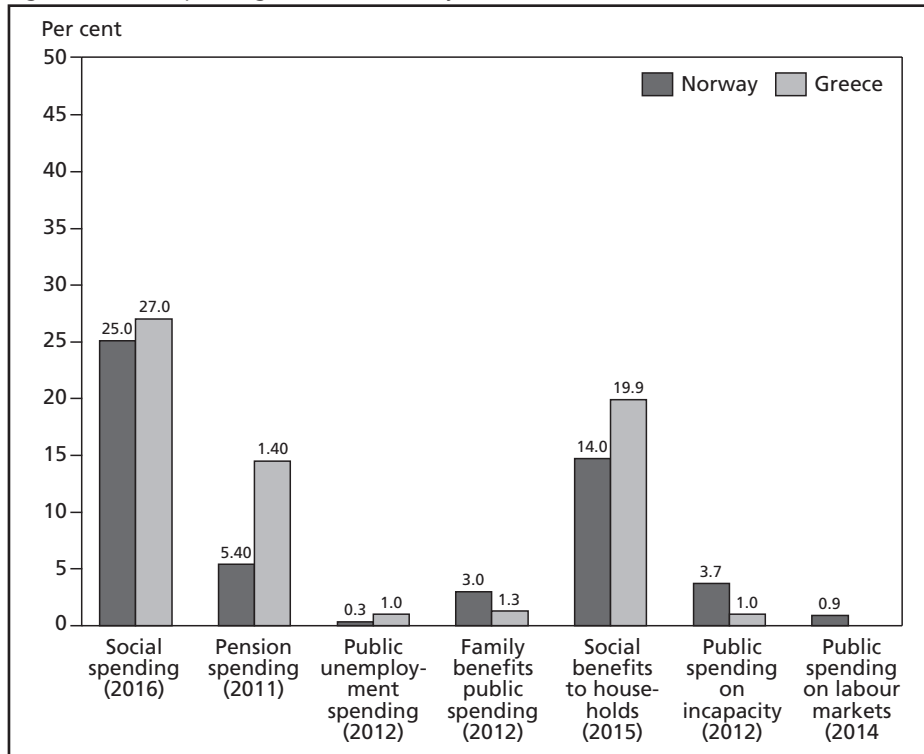
5.5 Pensions and Benefits – in ageing populations

As mentioned before, economic conditions in Norway and Greece are currently highly divergent. For example, the fact that the GDP per capita is 2.5 times higher in Norway than in Greece⁸ illustrates how the possibility of forming a generous pension and social security system with universal population coverage and a high compensation rate differs between the two countries. There is, however, an ongoing discussion with respect to whether the Norwegian system is too generous, resulting in high absenteeism, high numbers of people receiving disability benefits, that is threatening the sustainability of the welfare state due to disincentives to work. The basic assumption is that if individuals can obtain sufficient levels of well-being - economic, social and psychological - from living off public benefits, they would prefer this too to being employed.

⁸ World Bank national accounts data, and OECD National Accounts data files.

Even if the size of budgets is different in the two countries, we can compare how social spending is being used in the two countries. Figure 5.1 shows social spending in Norway and Greece as a percentage of Gross Domestic Product (GDP).

Figure 5.1 Social spending % of GDP. Norway and Greece.



Social expenditure comprises cash benefits, direct in-kind provision of goods and services, and tax breaks with social purposes.

Pension spending is defined as all cash expenditures (including lump-sum payments) on old-age and survivor's pensions.

Public unemployment spending is defined as expenditure on cash benefits for people to compensate for unemployment.

Family benefits spending refers to public spending on family benefits, including financial support that is exclusively for families and children.

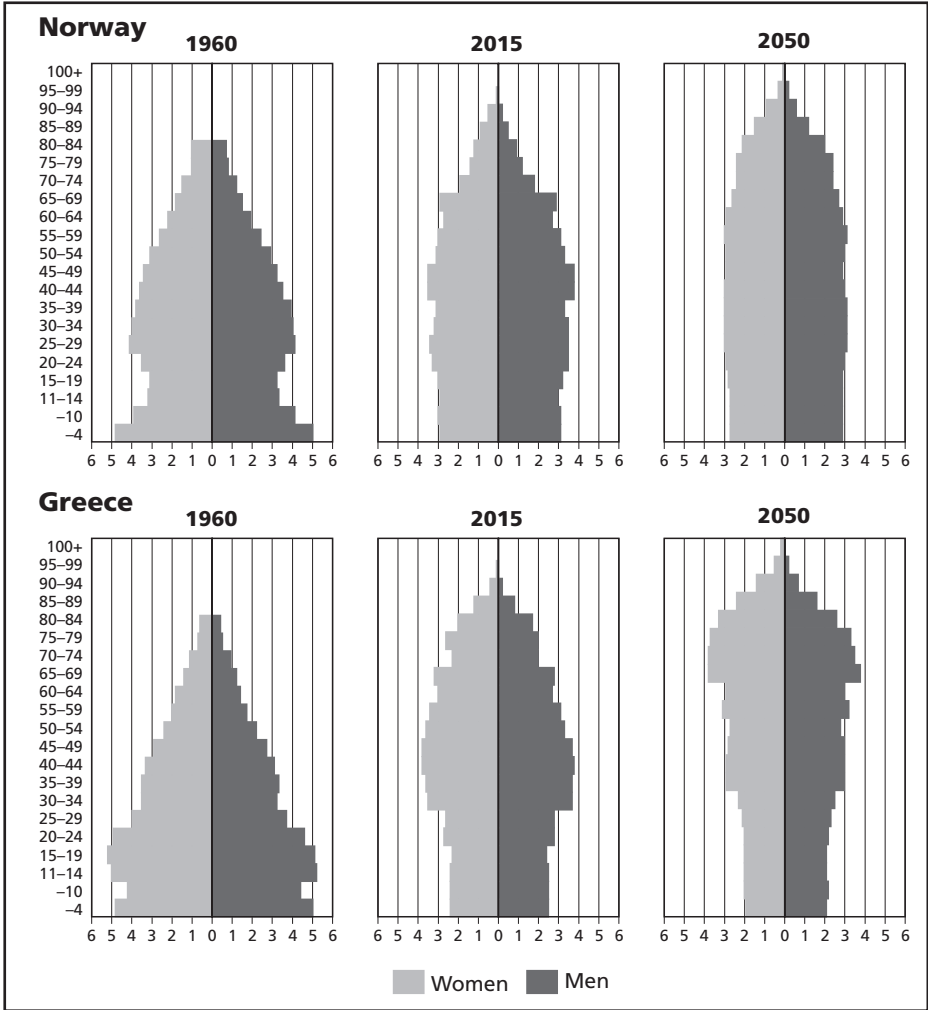
In national accounts in OECD countries, social benefits to households can be broken down into two distinct categories of social benefits: social benefits other than social transfers and social transfers in kind.

Public spending on incapacity refers to spending due to illness, disability and occupational injury.

Source: OECD (2016), Social spending (indicator). doi: 10.1787/7497563b-en; Pension spending (indicator). doi: 10.1787/a041f4ef-en; Public unemployment spending (indicator). doi: 10.1787/55557fd4-en; Family benefits public spending (indicator). doi: 10.1787/8e8b3273-en; Social benefits to households (indicator). doi: 10.1787/423105c6-en; Public spending on incapacity (indicator). doi: 10.1787/f35b71ed-en; Public spending on labour markets (indicator). doi: 10.1787/911b8753-en (Accessed on 20 November 2016)

One of the most obvious differences between the two countries is the amount of benefits that goes to pension spending. Greece uses three times more of its total spending on old-age and survivor's pensions. In Figure 5.2 the population pyramids for the two countries is shown which explains some of the differences between the two countries. In 2015 the portion of the population over 55 years of age was 34 per cent in Greece and 28 per cent in Norway.

Figure 5.2 Population pyramids.



Source: United Nations, Department of Economic and Social Affairs, Population Division

In most European countries, the ageing population is causing political concern. During the past decades, Europe has faced an increase in life expectancy and this development will very likely continue. An equally important point is that the birth rates are decreasing. That said, also here Norway has good premises compared to Greece. The fact that young Greeks comprise the ever-shrinking bottom of a population chart, while the top, made up of pensioners, keeps getting bigger, will have serious effects on the pension and social security system.

For more than two decades the question of how to change the pension system to meet the ageing of the population, has been at the top of the political agenda in Norway. This led to a pension reform in 2011 that was designed to strengthen government finances by encouraging employment, and thereby tax revenues. The reform brought three major changes (Brinch, Vestad & Zweimüller 2016):

- I Individuals may start claiming old age pension anytime between ages 62 and 75. Before 2011 the regular/statutory retirement age was 67, and the early retirement age was 62. The latter applied to only a subset of workers.
- II Early/late claiming of old age pension leads to actuarially neutral pension adjustments. This means that individuals are rewarded with a higher pension, if he or she postpones retirement.
- III Pension benefits are no longer earnings tested, which affects those who might consider combining pension receipt with continued work.

The reform was preceded by intense discussions over an extended period after which a broad political consensus was attained, i.e. the new pension system was supported by most political parties. Since the pension system is a mix of state regulations, collective agreements and pension systems implemented by employers, the three social partners (the state, the employer organisations and employee organisations) were active in the shaping of the reform. Although they differ in their preferences and assessments of the various parts of the reform, the new system has broad support from both the trade union confederations and the employer organisations, as well as the majority of the political parties. The new public pension system has in other words been the result of social dialogue and compromises, not only among political parties, but also including the social partners.

6 Labour market integration

Together with a general welfare policy and a solidarity wage policy, a characteristic feature in the work for social inclusion in Norway and the Scandinavian countries is the extensive use of Active labour market policies, ALMP. The ALMP involves both universal and selective instruments, such as general economic policy and actions aimed at specific regions, at industries or at certain groups of people. Educational programmes, training and other competence-building activities have been the main strategies used for adapting the labour force to structural changes within the labour market.

The Norwegian Labour and Welfare Administration (NAV) implements the labour market policies by proposing, initiating and carrying out necessary measures. Efforts are focused on the following main tasks:

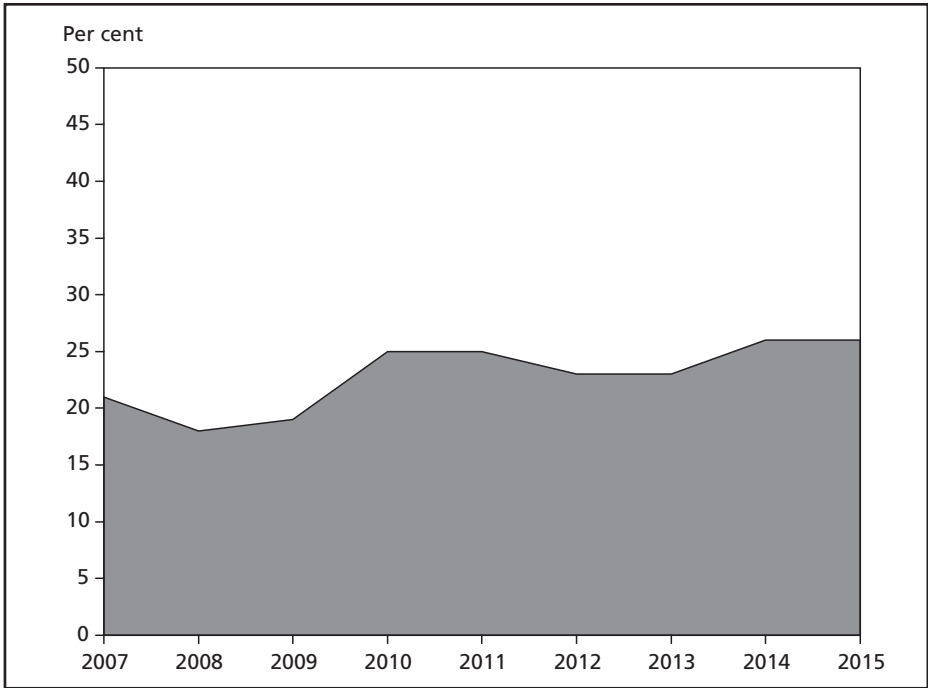
- Match job-seekers and vacant positions/employers.
- Provide information about vacant positions, occupations and education.
- Provide information about job-seekers and vacant positions.
- Adapt job-seekers' skills and qualifications to market requirements.
- Assist employees who have difficulties finding or keeping jobs (rehabilitation) for social or health-related reasons.
- Administrate national insurance benefits (unemployment benefits, grants for training, rehabilitation benefits)

As shown in chapter 2 the labour force participation rate is high in Norway, and well above the OECD average. The economy was hardly affected by the financial crisis, and although the unemployment rate according to the Norwegian Labour Force Survey has increased from 3,5 per cent to 4,9 per cent the last two years, Statistics Norway predict that a slight increase in activity growth will lead to a modest decline in unemployment in 2017. There are however certain groups that struggle to be included in the labour market. Four of these groups have been given special priority by the Norwegian authorities.

One of the challenges that Norway has to handle to maintain the high level of labour market participation is to lower the share of the population dependent on disability benefit (and other health related benefits), which is one of the highest shares in the OECD. This is despite the fact that statistics suggests Norwegians are healthier than most (OECD 2015). To address this challenge efforts are being made to activate long term unemployed – because evidence shows that long term unemployed have a high risk of becoming disability pensioners - and people with disabilities.

As shown in figure 6.1 the share of unemployed that had been out of work for 6 months or more, has increased from 20 per cent to over 25 per cent in the last 10 years. Since the long term unemployed has a higher probability of ending up with a health related benefit, an effort is being made to help this group back into employment.

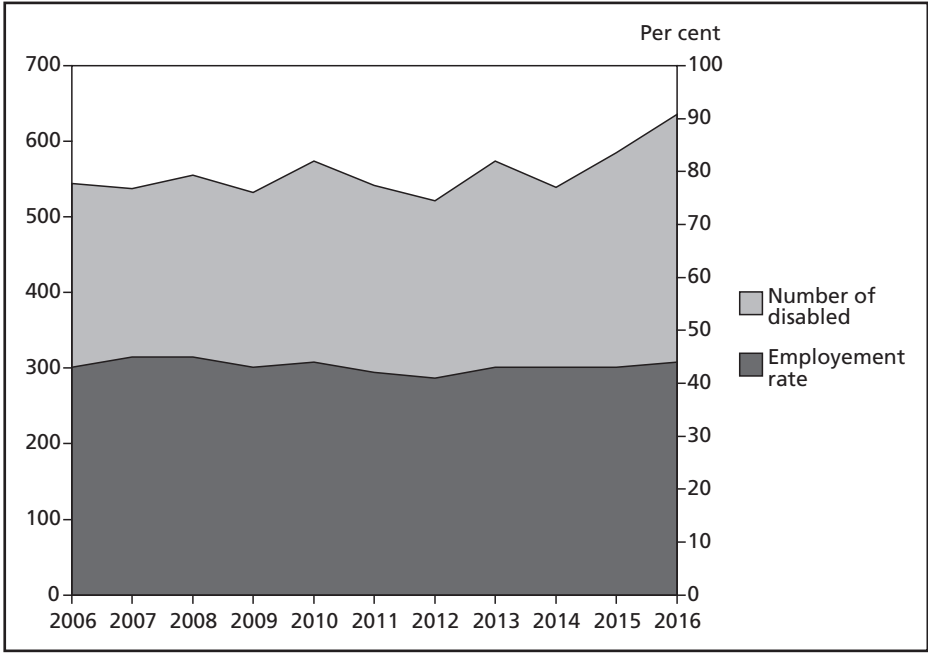
Figure 6.1 The share unemployed that are characterized as long term unemployed (6 months or more of unemployment). 2007-2016. Per cent.



Source: Registered unemployed, NAV

Through the agreement of a more inclusive workplace (IW-agreement) the Norwegian government and the social partners have joined efforts to reduce sickness absence, secure employment for a greater number of people with disabilities, and extend the working life. All though the first agreement was signed back in 2001, empirical evaluations indicate that the second objective of the agreement, integrating more people with disabilities into the labour market, has not yet been reached. The labour market participation amongst disabled has not changed in the last 10 years. Because of this, the active labour market policy has to a large extent been directed towards this group.

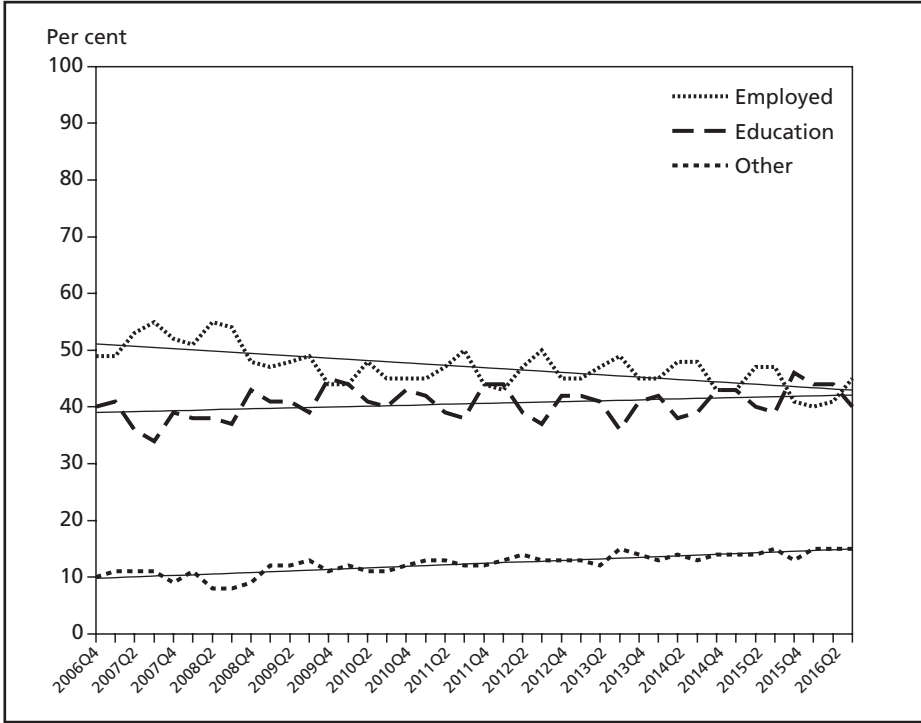
Figure 6.2 The number of disabled and the employment rate amongst the disabled. 2006-2016. Per cent.



Source: Labour Force Survey, Statistics Norway

A third targeted group is youth. The youth unemployment rate has not been regarded as a major challenge in Norway. There is, however, an increase in the share of young people who are outside the labour market and not in education (so called NEETs) (see Figure 6.3). Since the implications of not being included in to the labour market at a young age can be severe, not only for the individual but also for society as a whole, efforts are being made to turn this trend.

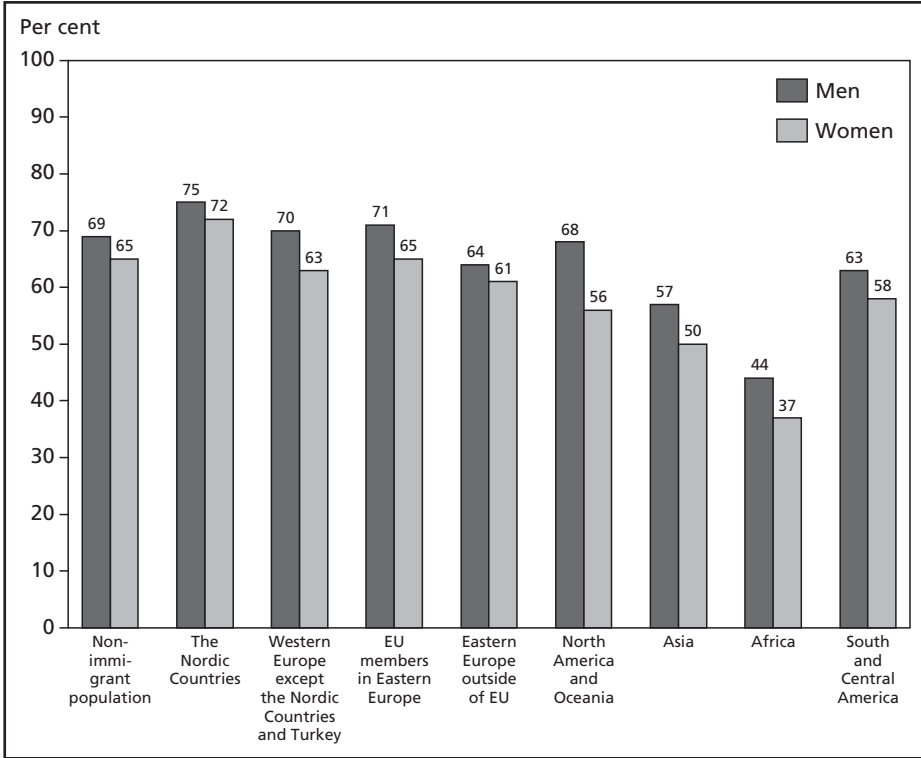
Figure 6.3 Persons in the age group 20-24 by main activity. 2007-2016. Per cent.



Source: Labour Force Survey, Statistics Norway

The fourth important challenge for Norway is to integrate a growing number of immigrants in the labour market. Although immigrants as a whole had an employment rate of 60.3 per cent in the 4th quarter of 2015, there are large disparities among the immigrant groups dependent on country of origin. In contrast to a generally high degree of gender equality in Norwegian labour market, the situation is also quite different for men and women in some immigrant groups (Djuve & Grødem (eds) 2014). Figure 6.4 show that immigrants from the EEA countries (European Economic Area), who comprises large numbers of labour immigrants, have considerably higher employment rates than other immigrants. The employment rates for immigrants from these two regions are 53 and 41 per cent respectively. These disparities have been quite stable regardless of economic cycles

Figure 6.4 Employment rates for immigrant groups in Norway, after region of origin. 2015. Per cent.



Source: Register-based employment statistics, Statistics Norway

In the following, a general description is given of some of the key measures that the Norwegian government uses to meet these challenges. The aim is not to describe all individual programs in detail, but rather to highlight some important actions taken to create a more inclusive working life in Norway.

6.1 Work Capability Assessment (WCA)

The government in Norway has long been concerned with the relatively large proportion of sick and disabled people outside of the labour market, and in receipt of benefits.

Thus, sick and disabled people constitute an important target group for activation policies. The main goal is to move more beneficiaries into the workforce. The Work Capability Assessment (WCA) introduced in 2008 was meant to support this aim. WCA is a methodology used by case workers in NAV offices to evaluate and determine

the NAV client's work capacity, prior to participating in any labour market programme. This capacity is defined as the client's personal characteristics and the counsellor's judgement of the need for special assistance. The WCA is focused on jobseekers that are receiving work assessment allowance and those in receipt of social assistance.

6.2 Active Labour Market Programmes (ALMP)

In Norway, most of the Labour market programmes (LMP) are administered by NAV. LMPs by definition are a wide range of work-related programmes for anyone that is unemployed, be it due to lack of job availability or health issues. The programmes are in other words developed for two groups, the first being the "ordinary unemployed". This group consists of jobseekers that do not face any particular health problems and are not eligible for a health-related benefit. The other group comprises those that have a reduced working capacity which prevents them from maintaining their full-time working capacity due to health issues or social problems.

In the context of very low unemployment and a tight labour market, both in terms of the number of participants and programme expenditure, the LMPs are mainly directed at the latter group. At the end of June 2016, approximately 79 per cent of the individuals that participated in a labour market programme administered by NAV were categorised as jobseekers with reduced working capacity. In the Norwegian state budget for 2016, it was suggested that NOK 7.7 billion (Approx. €846,150,000) be spent on LMP, which on average constitute 74 000 places (participants). Youth between the ages of 16 and 24, often with low educational attainment, represent a third of the participants in labour market programmes.

Table 6.1 An overview of the main elements that constitute the ALMP in Norway. (Described more in detail in appendix).

<p>1. LMP services</p> <p>Services and activities undertaken by the NAV offices to facilitate the integration of unemployed and other jobseekers, or to assist employers in recruiting and selecting staff.</p> <ul style="list-style-type: none"> • Job clubs • Assessment • Individual follow-up 	<p>2. Training</p> <p>Measures that aim to improve the employability of LMP target groups through training, and which are financed by the public body.</p> <ul style="list-style-type: none"> • Labour Market Training • Education in regular schools
<p>3. Employment Incentives</p> <p>Measures that facilitate the recruitment of unemployed persons and other target groups, or help to ensure the continued employment of persons at risk of involuntary job loss.</p> <ul style="list-style-type: none"> • Wage subsidies to employers • Work experience in ordinary enterprises • Time-unlimited wage subsidies to employers 	<p>4. Supported employment and rehabilitation</p> <p>Measures that aim to promote the labour market integration of persons with reduced working capacity through sheltered or supported employment or through rehabilitation.</p> <ul style="list-style-type: none"> • Work experience in sheltered enterprises • Supported employment • Rehabilitation assessment in sheltered workshops • Qualification programmes in sheltered workshops • Work-oriented rehabilitation for vocationally handicapped
<p>5. Direct job creation</p> <p>Measures that create additional jobs, usually of community benefit or socially useful, in order to find employment for the long-term unemployed or persons otherwise difficult to place.</p> <ul style="list-style-type: none"> • Temporary employment measures for the occupationally disabled 	<p>6. Start-up incentives</p> <p>Measures that promote entrepreneurship by encouraging the unemployed and other target groups to start their own business or to become self-employed.</p> <ul style="list-style-type: none"> • Start your own business

6.3 Introduction programme for refugees

In Norway, as in the rest of Scandinavia, the employment rates of non-Western immigrants in general, and refugees in particular, are well below those of the majority population. The gap is particularly wide in the first years after arrival, but after several years, refugees still lag behind. In order to more successfully integrate immigrants into the labour market and the Norwegian society, the Introduction Act came into force in 2004. The Act entitles newcomers to an individually tailored training programme as well as a modest fixed income (The introduction programme for refugees).

The aim of the programme has been to give each participant basic skills in the Norwegian language, basic insight into Norwegian society and to prepare him or her

for employment or education. The Introduction Act states that refugees and their families who have been granted a residence permit in Norway have the right to, and are obliged to, complete this introduction programme, and that all municipalities in which refugees have settled are obliged to offer it.

The Act entitles newcomers to an individually tailored training plan as well as a modest fixed income (approx. €21,000 annually). This benefit is not means-tested. Every adult member of the household is entitled to the introductory benefit, as long as they participate full-time in the programme and according to their individual plan. This individual benefit had a double purpose: to reduce the risk of clientification by providing a direct link between active participation and payments and to promote full-time activation and, subsequently, employment among women. Parents with young children are offered subsidised childcare and special consideration is given to participants with health problems. The benefits are, however, conditional upon participation in a full-time (30–37.5 hours a week) qualification programme lasting up to two years (three years in special cases). Illegitimate absences from the set activities are deducted from the benefits, hour by hour (Djuve & Kavli 2015).

The programme is meant to be flexible enough to include everyone, regardless of education level, prior work experience or care responsibilities. In other words, the programme is individually adapted to each participant's background, needs and aims. The most typical programme components will be classes in Norwegian language and social issues, and various types of work training, most often in the form of work placements (with more or less supervision) but also as sector-specific courses. Participation in work-oriented activities is an explicit aim of the programme, and much emphasis has been put on a pedagogy that takes language learning out of the classroom and into practical situations in the work places. Since the Introduction Act does not specify in detail the content of the programme, there is room for local adaptations. The Norwegian municipalities have come up with a wide array of other courses and activities to secure individual adaptation as well as to prepare for participation in a wider civic sense. These range from computer classes to sewing courses, from helping children with homework to psychiatric treatment or physical exercise (Kavli et al. 2007).

6.4 The Norwegian apprenticeship scheme

Apprenticeship in Norway is deeply integrated in the education system. A brief outline of the education system is needed to understand the recruitment base and the entry route for apprenticeships. Norwegian primary and lower secondary education is obligatory and uniform (with no tracking) and lasts ten years (6–15 years of age). All youths have a statutory right to upper secondary education, and 98 per cent of 16

year olds commence upper secondary education, either on a general programme or a vocational programme. In recent years, the proportion of 16 year olds applying for a vocational programme has been around 40 per cent. Norway has a unitary school system at the upper secondary level, with vocational programmes and general academic programmes often offered within the same schools. Students may also switch from a vocational programme to an academic programme during the course of the programme.

Apprenticeship is an integrated part of all vocational upper secondary programmes. Almost all vocational education follows the 2 + 2 model with two years at vocational school followed by two-year apprenticeships. Vocational students who pass the trade examination achieve a trade certificate in the trade in question – a qualification the labour market value of which differs between trades and labour markets, but which generally provide access to relevant work. However, vocational programmes do not provide general entry qualifications to higher education. All upper secondary vocational qualifications are at EQF 4⁹/ISCED 3-levels¹⁰.

There are at present (2016) eight vocational programmes, branching out to 52 second year courses and apprenticeships in almost 200 trades. However, the largest 30-35 trades account for the large majority of apprenticeships. The first year in a vocational programme has a broad vocational content, and students aiming for many different trades study within the same programme. In the second year, the vocational education is more specific, but still most second year courses encompass several trades. In both the first and second year, all students also study general subjects such as Norwegian, maths etc. Towards the end of the second year, vocational students apply for apprenticeships in a relevant trade. About 70 per cent are usually able to secure an apprenticeship. Those that do not are entitled to an alternative third year at school. However, these courses have been considered inferior to apprenticeships and have had low participation rates and low esteem among employers. There are national curricula for the apprenticeship training. The trade examination is a practical and theoretical test which is assessed by an examination committee, in most trades usually consisting of skilled workers.

Apprentices are generally trained full time in the companies, and do not revert to school after commencing apprenticeships, although some may receive parts of training at training offices, which are separate legal institutions usually owned jointly by a group of training companies. Apprentices are employed by the training company who pays the apprentice a wage in accordance with collective agreements for the relevant industry. The wage is usually stipulated as a percentage of new skilled workers' wages, in many cases increasing from approximately 30 per cent to 80 per cent during the apprenticeship period. The training company receive a state grant of approximately 7 700

⁹European Qualifications Framework (EFQ) Level 4: Factual and theoretical knowledge in broad contexts within a field of work or study.

¹⁰International Standard Classification of Education (ISCED) Level 3: Upper secondary education

euros a year over the two years (2016). Most training companies (70-80 per cent) are members of a training office, in which case the state grant often will be used to finance the training office. Private sector accounts for about 72 per cent of all apprenticeships (2015). The main motive for private companies hiring apprentices is the recruitment of skilled workers. In the public sector, there is often an element of social responsibility as well. After apprenticeships, about two thirds of apprentices are hired in the same company in which they trained.

Adults may become apprentices, and can have all training at the workplace, apart from general subjects. Besides, adults who can document long and varied practice as unskilled workers within a relevant trade, can also register for the trade examination and acquire the trade certificate, usually after having a shorter theoretical course. This latter, practice-based route is a commonly used qualification route in the Norwegian labour market, and accounts for about a third of all new trade certificates each year. It enables segments of the population with an otherwise low likelihood for completing upper secondary education to acquire formal qualifications at this level.

Apprenticeships lie within the realm of education policy, under the Ministry of Education, with the Directorate of Education as a subordinate body. However, active employer engagement in the development of vocational education and apprenticeships is considered essential in ensuring that apprenticeships remain an important part of the training and recruitment policy in the various companies and industries. There is a structure of tripartite advisory bodies on the national and regional level where employer organisations and organised labour may influence policies. However, concerns about a lack of employer (and employee) influence have been raised.

Key factors in developing vocational education and training based on apprenticeships are a degree of employer coordination and some form of tripartite cooperation to provide feedback mechanisms between work life needs and the education system. The quality of training must also be sufficiently high to justify a wage differential between skilled and unskilled labour.

The main structure of upper secondary education and the role of apprenticeships has remained largely unchanged since the reform of upper secondary education in 1994 which introduced the 2 + 2 model. There has been long-term growth in new apprenticeships from about 3 000 in the early 1970s to almost 20 000 (2016), which is not only due to the reform of 1994, but also to a number of other factors. Apprenticeship as a training model receives widespread political support, but is challenged by external pressures (low cost labour immigration, academic operation) as well as internal tensions. Changes in the structure have recently (September 2016) been proposed by the Directorate of Education, which, if implemented, will allow for earlier specialisation and greater differences between trades, which might relieve some of the internal tensions.

6.5 Labour market integration and tripartite cooperation

Using the categorisation introduced by the Eurostat's Labour Market Policy Database as a starting point, the organisation active labour market policy measures seems to be more streamlined in Norway than in Greece, with only a few main measures under each category. Greece on the other hand has plenty of measures that to a larger extent target specific groups (occupational groups, sectors, age groups) and in some cases regions.

As mentioned above, the Norwegian labour market policy has been characterised by a gradual shift to more active measures and policies during the last 20 years. The phrase that has been used to summarise this shift in policy is "the welfare-to-work strategy". The main challenges have been defined as preventing long-term unemployment and a rise in the disability rate, lowering the sick leave rates, and encouraging older employees to stay longer in the labour market. In addition, it has been an aim to increase labour market participation among groups with entry problems such as immigrants, disabled and young jobseekers. The challenges are not necessarily low labour participation as such, but the long-term demographic development; the fact that some groups experience significant problems with respect to entering the labour market, and finally, the high number of persons on different kinds of health-related benefits.

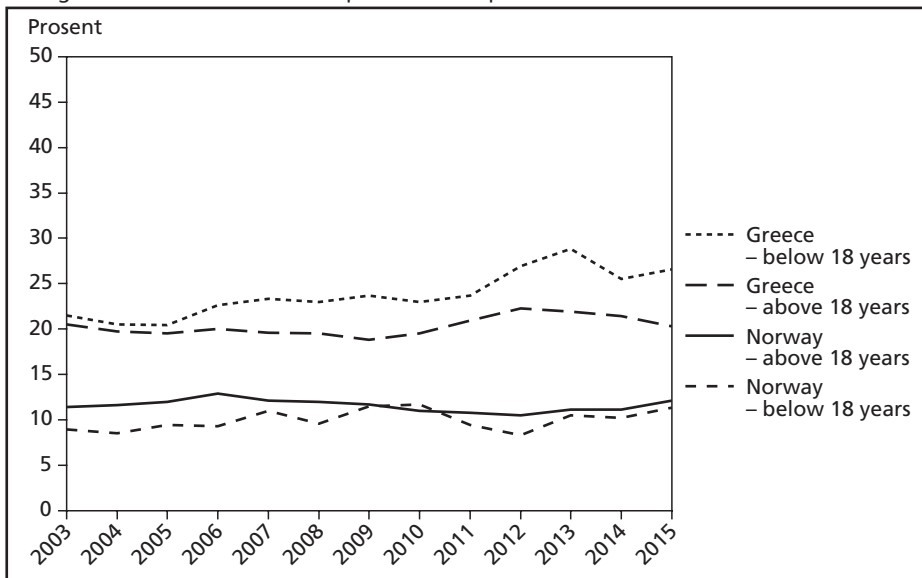
As with the Norwegian pension reform, the cooperation between the social partners plays an important part in the efforts made to increase labour market integration. The cooperation was strengthened in 2001 with the signing of the agreement related to a more inclusive working life (the Inclusive Workplace agreement – IW agreement), in which employer, employees and the Norwegian government committed to work together to achieve the main goals in employment and social policy. The concrete objectives of the IW agreement are to reduce the absence due to illness, ensure that a larger share of employees with reduced functional ability are in employment and increase the average actual retirement age. The IW agreement that has been prolonged to 2018 is regarded to have generated a closer cooperation regarding labour market integration at all levels between the authorities, social partners and in enterprises. It has also helped to strengthen the tripartite cooperation both centrally and locally.

7 Anti-poverty policies

As demonstrated in chapter two, the Norwegian welfare state has clear redistributive ambitions and these ambitions penetrate a range of policy areas (see Figure 3.2). Compared to others, the Nordic countries enjoy low levels of economic inequality as well as limited poverty problems (cf. Figures 2.5 and 2.6). The combination of labour, welfare and tax policies is a key explanation.

There are nevertheless pockets of poverty in Norway. Since the mid-1990s there has been little change in the overall risk of poverty rate, while the child poverty rate has increased markedly (Figure 6.1). Still, both the overall risk of poverty rate and the child risk of poverty rate are markedly lower than the corresponding rates in Greece.

Figure 7.1 Risk of poverty rates in Norway and Greece. Total population and children below the age of 18. Threshold set at 60 per cent of disposable median income.



Source: Eurostat database, table ilc_li02, extracted 10/10 2016

The rise in child poverty in Norway may seem unexpected given the strong economic growth between 1996 and 2008, high labour force participation among both women and men, a generous, redistributive welfare state, extensive public and political attention paid to the poverty problem since 2001, and several action plans to combat (child) poverty (St. meld. nr. 6 (2002-2003); St.prp. nr. 1 (2006-2007); St.prp. nr. 1 (2008–2009); BLID 2015). However, an important explanation for the increase is the changing demographics in Norway, with a larger influx of non-western immigrants. Some of these immigrants have problems entering the Norwegian labour market, and if they do so, they do often have salaries in the lower end of the scale. The labour force participation rate among immigrant women are also often low, hence many immigrant children live in single-earner families. Combined with large-sized families, this leads to an increased risk of poverty.

The main measure to prevent poverty in Norway is to help people into the labour market (or prevent them from dropping out). This so-called working line approach penetrates all anti-poverty policies and the high labour force participation in Norway proves that this policy has, to a large extent, worked. At the same time, not everyone is easily helped by the employment measures and therefore specific anti-poverty programmes are also part of the Norwegian welfare state. Different governments have introduced different measures, for instance reforms of the public housing allowance programme and several strategies for the social housing policy.

The municipalities are responsible for the anti-poverty measures through the Social Services Act. According to this Act, those who are unable to support themselves are entitled to a means-tested social benefit – the social assistance benefit. In addition, a qualification programme has been established, aimed at helping those receiving long-term social assistance to be self-sufficient through paid work.

7.1 Social Assistance benefit

The social assistance benefit is intended to secure a person's income on a temporary basis to cover his or her basic subsistence costs. The benefit does not fall within the scope of the National Insurance. The main responsibility for this benefit rests with the local municipalities. However, the Ministry of Labour and Social Affairs has the overall responsibility for the Act on Social Services in the Labour and Welfare Service (*Lov om sosiale tjenester i arbeids- og velferdsforvaltningen*). The social assistance benefit is an integrated part of the range of services provided by the NAV offices, along with other mandatory municipal social services in the NAV offices (social financial assistance, the qualification programme/the qualification benefit, financial counselling and temporary accommodation). Almost 130 000 persons received social assistance benefits in

2015. On average they received this assistance for 5.2 months, but 38 percent of the recipients received the benefit for 6 months or more (Statistics Norway's database). The municipalities are free to decide the amount a person will receive in financial assistance, but there is a national advisory norm. In 2016 this norm was 5 850 NOK for a single person (approx. 650 Euros).¹¹ The average monthly payment is approx. 1000 Euros.

7.2 The Qualification Programme

Since 2007, a Qualification Programme has been instituted in Norwegian municipalities. The programme offers training and vocational training to those who have been receiving social assistance for a long time or are at risk of ending up as long-term recipients. The object of the programme is to provide the follow-up needed to gain work or other meaningful activity, and vocational training. The content of the programme is planned by the participant and the NAV officer together, based on individual needs and abilities. The programme is full-time and includes work-oriented activities, training activities, close individual follow-up and guidance. Time may also be set aside for necessary medical treatment.

The qualification benefit that follows participation in the programme is twice the National Insurance basic amount (B.a.) (approximately 20 000 Euros). In 2015 almost 9000 persons were enrolled in this programme. Evaluations of the programme have shown that only a minority of those enrolled in the programme ends up with a stable job. Two years after leaving the programme 20 per cent of the participants were still employed (Lima & Naper 2013).

7.3 Other measures to alleviate poverty and promote social inclusion

In addition to the qualifying programme and a social assistance benefit, Norwegian municipalities have introduced a range of measures to alleviate the consequences of poverty. Many of these are aimed at families with children. They can take the form of subsidised leisure time activities, free access to sports equipment, free access to cultural events, specific activities such as week-end trips, visits to amusement parks, activities during school holidays etc. The municipalities are invited to apply for state

¹¹ Average income for all households (after tax) was NOK 563 700 (approximately 62 600 Euros) in 2014. For single households it was NOK 303 900 (approximately 33 700 Euros).

funding for some of these activities, through a specific assistance scheme. In addition, such measures are often part of the ordinary municipal package of measures. Many of the municipal services involved in children's daily life can organise the activities, such as schools, NAV offices, child welfare offices, but also NGOs and cultural or sports organisations are involved in this work in many municipalities.

Although such arrangements and measures can be beneficial for children in poor families, and give them the opportunity to take part in ordinary peer group activities, they can only to a small extent be expected to alleviate poverty as such.

8 Monitoring employment and social policies in Norway

In order to examine the process of creating a policy that encourages social inclusion, implementing it, and to evaluate the effects it has, policy monitoring plays a pivotal part. Policy monitoring includes activities such as collecting relevant data and analysing them with the intention to document the development in areas such as the number of recipients of different benefits, or participants in labour market programmes. It can also help link policies to specific outcomes and help identify and evaluate policy impacts. There is also an argument that policy monitoring should include the identification of operational policy barriers, and that findings can support an improved implementation of existing policies (Hardee, Irani, MacInnis & Hamilton 2012).

In Norway, the monitoring and evaluations that are being made of the welfare policies and labour market policies are to a large extent based on data from administrative registers that are a part of administrative information systems. This means that the registers are used in the production of services in public or private institutions or companies, or that the information is a result of such production. In other words, administrative data are produced on the basis of administrative processes.

The two main producers of official statistics in the field of labour and welfare policies are Statistics Norway, which has overall responsibility for official statistics in Norway, and the statistical unit at the Norwegian labour and welfare administration (NAV). NAV also produces figures for management purposes. Most of the data being used are collected from the registers administered by NAV. In this chapter, further descriptions of the data collection and the production of statistics are given.

8.1 The Norwegian Population Register and the personal identification number

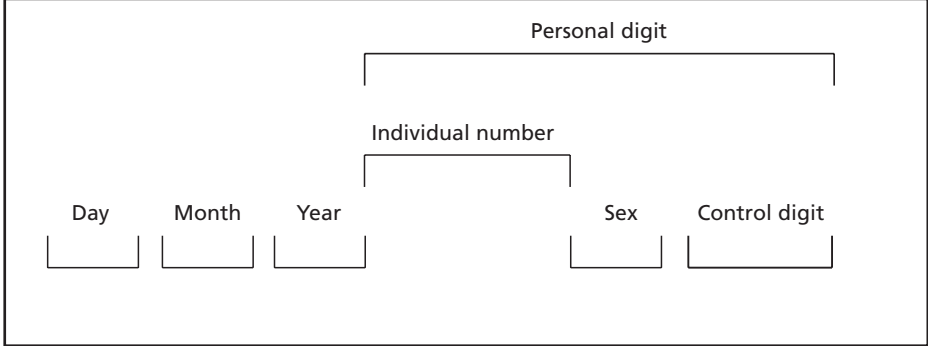
An important premise for all use of administrative data, whether it is for statistical or research purposes, is the Norwegian Population Register (NPR). This register is fundamental for all register-based statistics and research activities. It defines the resident population in Norway, by means of an 11-digit personal identification number (PIN).

The register contains some basic information on all residents (sex, age, marital status, nationality etc.). In addition, references to parents and spouses are included, making it possible to distinguish the family unit. Another important variable is the dwelling address.

Before the NPR was introduced in 1964, the tax systems and social security systems used different serial numbers to identify individuals. Not only did the various government agencies use different serial numbers, the systems also varied within agencies, and from municipality to municipality and the numbering system was often changed from one year to the next. The PIN acts as an identifier in most of the computer systems in both the public and private sectors, and makes it possible to link data from the different data administrative sources. In the absence of such unified systems it is much more difficult to link different registers, something that is absolutely key to register-based statistics production. It may be possible to link different registers even without unified identification codes, but this certainly becomes more laborious and time consuming, (ref Register-based statistics in the Nordic countries). In the other Nordic countries, unified personal identification numbers are also currently present in nearly all registers used in the production of statistics. Similarly, almost equally unified identification systems are in use for other non-individual registers such as the business register and the registers related to addresses, buildings and dwellings.

Use of a PIN also entails substantial savings for the authorities and for the individual taxpayer. One example is the submission of tax returns. Banks, employers etc. report debt, assets, income and interest expenses directly to the Norwegian Tax Administration. The Norwegian Tax Administration links information from the various sources based on the PIN and sends out pre-completed tax forms to taxpayers. Many people do not need to make any changes or additions to the tax form they receive. This would not have been possible without a unique identifier for each individual.

Figure 8.1 The Norwegian personal identification number.



One of the most important considerations when devising such an identification system is privacy protection and the confidential treatment of data. In many countries, the population is sceptical to use identification numbers such as PINs, probably due to the fear of misuse.

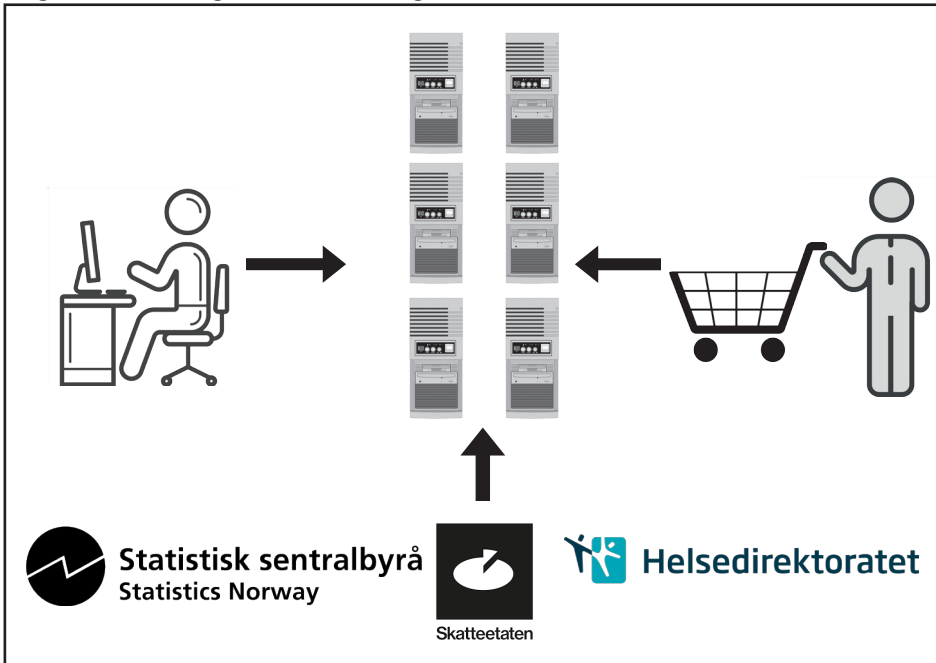
8.2 Collecting data from administrative registers

To perform the tasks that The Norwegian Labour and Welfare administration is responsible for, the agency makes use of administrative data. In this section a description of the collection process, or more precisely, who reports the data into the administrative systems that NAV uses is given and how this is done.

There are mainly three different groups that register information. First of all, it is the employees in NAV offices that carry out face to face consultations. They register personal information about the users, the benefits they receive, and the programmes or activities they participate in and so on. The second group is the users themselves. A lot of effort has been made in recent years to facilitate a larger extent of self service. One example is how jobseekers can now register themselves by using a form that is available on NAV's internet site. The job seeker is asked to fill in personal information, work background, education, and the kind of work they are looking for. This information is then verified before being entered into the administrative systems. In other words, a job seeker can either visit the local NAV office to be registered, or do it themselves on the internet.

The work that NAV does is dependent on collaboration with a number of institutions and partners. Establishments or firms who report employees to a central register of employers and employees, is one example of a group of partners. The register is used to administer compensation for sick leave. Other examples are the tax authorities which send annual information on income that is used to calculate the size of different benefits and pensions, doctors who report sick leave, and pharmacists that provide information so that NAV may reimburse medical expenses.

Figure 8.2 Collecting data in the Norwegian Labour and Welfare administration.



NAV's use of the information collected can be divided into what might be called primary use and secondary use of the data. Primary use is linked to administrative purposes. That is, the information is being used in day-to-day service for each individual user. The secondary use is to produce statistics and analyses. To do this, the information must undergo statistical data processing that will render it suitable for the purpose. NAV makes copies of the data in the administrative systems in order to date the information, since new information in some cases or administrative systems overwrites old information. These copies, or snapshots, are stored in a separate database and NAV can then prepare the data for statistical purposes.

NAV produces statistics and indicators to analyse their own activity. The analyses are done both at a strategic level and at the local level in each NAV office. Statistical tables are stored in a database which gives the local offices great flexibility to make indicators that are related to their own activities. NAV also reports to the government and the ministries, such as the Ministry of Labour and Social Affairs, the Ministry of Children and Equality, and the Ministry of Health and Care Services.

When it comes to production of official statistics that are published and made available to the public on a continuing basis, NAV does this in close collaboration with Statistics Norway. They meet annually to discuss what statistics the two institutions are

responsible for, statistical definitions, quality problems and so on. Most of the official statistics are published on NAV's web-site, and include:

- Job seekers (e.g. The number of unemployed, recipients of unemployment benefits, participants in labour market programmes)
- Sick leave (e.g. Sickness benefits, absence due to illness)
- Disabled (e.g. Disability pensions)
- Pensions (e.g. Old age pensions)
- Family Benefits
- Other

The main point here is that NAV, as a government agency, monitors the development in the different benefits and measures they administrate. In addition, NAV also supplies researchers with data on individuals, and they report to different International organisations such as Eurostat, OECD, and ILO.

8.3 Data from administrative registers replacing surveys

As described above, the Norwegian Labour and Welfare administration (NAV) is the result of a merger of two agencies – The National Insurance Service and the Public Employment Service. Before the merger, each of the two branches only had access to data from their own administrative systems. That meant that the welfare service could only retrieve data related to administering the benefits they were responsible for, such as sick leave benefits, disability benefits, and a number of family benefits. The employment service, on the other hand, used data from their own systems which included data on the unemployed, job seekers participating in the labour market measures and the occupationally disabled. Before the agencies merged into one unit, only Statistics Norway (SSB) had the legal authority to put together data from the two institutions.

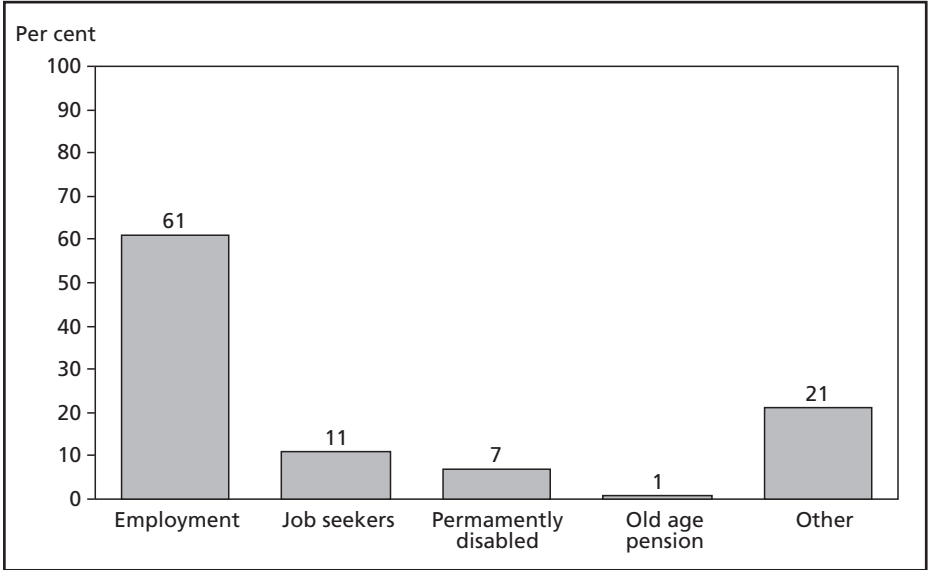
After the merger NAV is able to use all this data, and that gives them a whole new set of opportunities with respect to producing statistics and indicators. The statistical office at NAV is now able not only to provide the number of recipients of different benefits at a specific point in time, but is also able to provide a description of the situation (status) before and after the benefit was received. This provides much more detailed information about the situation in the labour market: if there are specific groups that are being pushed out of the labour market, and if NAV is successful in obtaining work for job seekers. To show the way the agency has utilised these data,

we will give an example of a type of new register-based statistics which has replaced a survey. The one key element that makes this possible is the ability to identify each individual by their unique personal identification number (PIN).

Before NAV was established, all job seekers were asked to answer a questionnaire to measure how they adapted to the labour market – i.e. to what extent they got a job or not. This questionnaire was sent to those formerly unemployed and those who were occupationally disabled. The questionnaires asked former users of NAV to report what their main activity was. When the two services operated on their own, this was the only way to obtain this information. The merging of the National Insurance Service and the Public Employment Service into NAV, made the administrative registers from both agencies available to the statistical unit.

As a result, NAV can identify job seekers by means of the register of job seekers, they could identify individuals in paid employment by means of a central register on employers and employees that was used to administer sickness benefits, and the kind of benefits received. This resulted in the development of a register-based exit statistic that describes the status in the labour market that job seekers who no longer are registered at NAV have, six months after time of exit.

Figure 8.3 Exit statistics - job seekers that no longer are registered at NAV, by their status in the labour market six months after time of exit. Q4 2015. Number of Job Seekers 47 837.



8.4 Using data from administrative registers in social research

NAV is just one of several agencies that provide data for the production of official statistics by the statistical office (Statistics Norway). Some examples of important registers are the taxation registers, the register on educational attainment, student registers, and health registers. Norway, as all the Nordic countries, has a Statistics Act that gives the Statistics Norway offices the right to access these administrative data on a unit level, with an identification number, and to link them with other administrative registers for statistical purposes. The administrative registers and the information from these have become an important data source for Statistics Norway. They now cover so many areas that a fully register-based census was launched in 2011. This means that, for example, Statistics Norway no longer uses surveys to obtain the information they need to describe how people live, such as floor space, number of rooms. This is registered in the Ground Property, Address and Building Register.

Statistics Norway also makes the data available to researchers. In Norway, administrative data is regarded as a treasure trove when it comes to social research. The three main reasons that often are mentioned are:

1. Register data covers 100% of the population.
This makes it possible to study small subgroups, such as women in a certain age group, people with different kinds of disabilities, employed working in the public sector, or people living in a specific area of Norway.
2. Register data makes it possible to follow individuals over time.
In other words, it provides longitudinal data.
3. Combining information from different registers provides a detailed history for each individual in the population.

These three elements make it possible for the researchers to search for causal relationships between different phenomena; such as the effect of labour market programmes on labour market participation, the effect of level of unemployment benefits on duration of unemployment, the effect of Immigration on the wage structure, and so on. Although interviews and surveys are still used, administrative data has become an important part of the research that is carried out in Norway.

9 Inspirational best practices

In this report, we have presented key aspects of the Nordic welfare model. The main objectives of the policies and the main structure of the model have been portrayed, and a range of specific programmes and benefits have been described. To some extent, corresponding Greek policies have been commented, but the ambition of this project has not been to conduct a comparative analysis of Norway and Greece. The ambition was rather to see whether we could pinpoint some policy areas, or some specific programmes or institutions, that might be relevant for Greece to gain inspiration from. Are there any best practices that can serve as an inspiration for the social political discussion of Greece? Societal models cannot be imported, and specific outcomes cannot easily be reproduced in other settings, but it is of course possible to learn from other countries' experience.

In the following we will highlight some areas where there might be something for Greece policy makers to look further into. As discussed in the introductory chapter of this report, Norway and Greece differ along many dimensions, and in the current economic situation Greece has a limited scope of action in which to introduce new welfare arrangements and programmes. As has been emphasised in many instances, the welfare reforms undertaken in wake of the crisis have to a large extent taken the form of cuts and dismantling (see Karamessini 2015). This has been considered necessary by the Greek authorities to reduce budget deficits, as well as to meet the requirements from the Troika. To some extent the reforms may also have been necessary adjustments of the welfare system, independent of the crisis. The tricky task for the policy makers is nevertheless to make sure that the welfare reforms undertaken do not only equip the welfare state to handle the crisis. They must also lay the foundation for a sustainable and decent welfare state once the economy recovers.

Social policies are developed under specific conditions, and what works in Norway may not work in Greece. Furthermore, some of the features we have chosen to highlight may serve as inspirational examples only in the long run, while others may be relevant to discuss also on a shorter term. It is extremely important to stress the perspective of time. For the time being the majority of the Greek population will probably ask themselves what use of discussions such as those in this chapter are as long as their core problem is the lack of jobs.

Still, the process of restructuring welfare policies will benefit from access to information about how other countries have organised their welfare states. Several institutions

have offered the Greek government advice on how to restructure its welfare state (see for instance the Memorandums and OECD 2013), and many reform processes have been implemented. Many of them are mentioned in chapter two and additional reforms have been presented in the workshops arranged in connection to this project (for instance The National Strategic Framework for Social Inclusion, The Immediate Measures to Tackle Humanitarian Crisis, Determination of Minimum Wages, Mechanisms for Identification of Labour Market Needs and The Social Solidarity Income).

It takes time to reform welfare states, and this report indicates that there are no quick fixes; the development of inclusive welfare states and inclusive labour markets are long-term processes. Nevertheless, for reform processes to succeed some elements need to be in place. First, one needs to set clear goals that people can adhere to or at least accept. In the case of Greece, it may pose a challenge that some of the reforms undertaken are answers to “conditions” set by the Troika. Second, in reform processes it is important to assure support from central actors and to create ownership to the changes. Third, it is vital to have an effective system for evaluating the processes in itself and the outcomes of the new policies.

A final reminder before presenting five areas in which there may be some elements for Greece to consider, is that there are also challenges within the Norwegian welfare state. The ambition of this project was to highlight best practises, and we have therefore not made any efforts to present unsolved problems and discussions pertaining to these. We have concentrated on what we consider to be important elements to explain the success of the model.

9.1 Five areas where Greece may gain inspiration from Norway

1. A functioning social partnership

It is not possible to discuss the success of the Nordic model without taking into account the social partnership. As previously discussed, the combination of factors such as the strength of both the employers’ and the employees’ organisations, the balance of power between them, the presence of institutions, regulations and mechanisms for negotiations and discussions, and the notion of the conflict partnership, are vital in understanding why the Nordic welfare states have developed as they have. The social partners contribute to economic equality through coordinated wage formation. And they contribute to inclusion in the labour market through their involvement in the formation of labour market and welfare policies, and through several tripartite agreements.

In order for the tripartite (or the bilateral) cooperation to function, there must be arenas and institutionalised mechanisms for discussions and negotiations. Norway

has succeeded in establishing several such arenas, and today these form an important framework for the model. Three important examples are the following:

- The Norwegian Technical Calculation Committee for Wage Settlements (*Teknisk beregningsutvalg*)

This committee, first appointed in 1967, lays the foundation for the best possible shared understanding among the social partners of the situation in the Norwegian economy. The Committee presents two reports each year, where they outline recent years' developments in pay, incomes, prices, macroeconomic development and competitiveness. A forecast of consumer price growth is also presented, and the Committee also describes prospects for the international economy and the Norwegian economy (see <https://www.regjeringen.no/en/aktuelt/tbu-forelopig-rapport-2016/id2476611/>).

- The Governments Contact Committee (*Regjeringens Kontaktutvalg*)

The Committee was established in 1962. This is a tripartite committee where the government and the social partners meet to discuss issues related to Norwegian incomes policy. The Prime Minister is head of the committee and the Prime Minister and relevant ministers meet with the leaders of the confederation of trade unions (The Norwegian Confederation of Trade Unions (LO), The Confederation of Vocational Unions (YS), The Confederation of Unions for Professionals (Unio) and The Federation of Norwegian Professional Associations (Akademikerne)), leaders of employers organisations (The Confederation of Norwegian Enterprise (NHO), The Enterprise Federation of Norway (Virke), The Employers' Association Spekter and The Norwegian Association of Local and Regional Authorities (KS)) as well as leaders of organisations for farmers and fishermen. The Committee serves as an arena for mutual orientations before and during wage negotiations.

- The system of coordinated wage formation and the front runner model (*Frontfagsmodellen*)

The Norwegian bargaining model is crucial to the regulation of wages and working conditions. Strong centralised trade unions have pressured employers to organise and in a state of power balance, the social partners have entered into negotiations and agreements (Andersen et al. 2014:7). In line with the front runner model, the parties in the export industries enter the negotiations first, and set the pace for wage development. The unions have also promoted solidaristic wage policies which have contributed to the compressed wage structures. The mediating institutions (such as

the National Mediator)¹² play a central role in preventing conflict and promoting negotiated solutions (Andersen et al. 2014).

- The Nordic micro model - cooperative workplace relations

In descriptions of the Nordic model much weight is assigned to the central levels of cooperation; between the state, confederations of trade unions and confederations of enterprises or employers. The Nordic model is not only a set of institutions, laws and rules, it also has a cultural dimension or a political culture, which involves a set of attitudes and adherence to the way of solving conflict and differences (Hernes 2006: 18). A vital part of the Nordic model is, therefore, the cooperation at the workplace level. This is where the model takes place in praxis and through industrial democracy the trust between actors is built. Industrial democracy is considered stimulating, fair and efficient (Trygstad, Alsos, Hagen & Jensen 2015).

- Public commissions

Evidence-based social policy is obviously an aim in both Norway and Greece. However, the fact that there is a lack of evidence related to the functioning of many social policy programmes and measures must not be ignored, and governments will need to decide on reforms without being able to access exact knowledge. To develop new policies, or to explore the situation in different areas, there is a tradition of appointing public commissions in Norway. For instance, when welfare reforms are to be carried out, it is common to appoint commissions to discuss the development of the new policies and the commission may be invited to express an opinion on how the policy could be developed. These commissions are often composed of experts in the particular field of interest and of representatives from the social partners, or of experts and politicians. An example of such a commission was the pension commission (2001-2004), appointed to advise the government on a new pension system in Norway. This commission consisted of scientists and politicians. Another example is the commission appointed to elaborate on the causes of the financial crisis in Norway as well as to discuss how to best reduce the likelihood of, and mitigate the effects of, future crises in Norway. This commission consisted of scientists, representatives from the trade unions and representatives from the employers' organisations.

¹²Norway has a National Mediator and a National Mediator's office. The purpose of the work the National Mediator is to avoid conflict. If the negotiations between the parties break down, the parties approach the National Mediator to seek support to continue the negotiations. The King appoints a National Mediator and several mediators. The National Mediator decides who mediates on a case by case basis (www.riksmekleren.no/index.php?module=Pagesetter&tid=5&tpl=engelsk&filter=engelsk:notnull, read 10/10 2016)

In addition to these formative mechanisms, there are many other examples of concrete policy areas, where the cooperation between the government and the social partners have been vital in developing policy. The Agreement on a More Inclusive Workplace is such an example. To ensure that absence due to illness is reduced, that older workers delay their decision to retire and that people with disabilities are not excluded from the labour market, the social partners and the government entered into an agreement on an inclusive working life in 2001.

The contact and cooperation in these and other arenas, is important for the exchange of knowledge and for creating a better understanding among actors. The arenas are important to maintain and further develop the conflict partnership, and they are important to create and preserve social trust. High levels of mutual trust are important to assure the legitimacy of policies.

We do not have scientific evidence to claim that tripartite cooperation after model of the Nordic countries and/or the existence of these specific institutions or arenas for cooperation are factors necessary to build trust or to ensure the legitimacy of policies. We cannot discount that other structural models may be effective in this respect. There is, however, a clear correlation between the existence of coordinated social partners and a range of positive social outcomes. For Greece, it may therefore be relevant to discuss questions such as:

- Is it relevant to stimulate the social partnership to (re)gain a role in policy making, and to develop new (or to build on existing) arenas for cooperation and negotiation?
- Are there other actors than the social partners that could play an important (and coordinating) role as a counterpart for the government in the process of policy development?

2. A simple and transparent system of governance

A central theme in Norwegian public policy and administration is the challenges associated with increasing specialisation and institutional fragmentation in the public sector. The main goal of the authorities is to maintain a simple and transparent system of governance. This has several implications. A simple and transparent system makes it possible to follow and understand the decision-making process and provide the necessary services to the public in a transparent manner. It also contributes to the development and implementation of policy measures, and to ensure accountability which is regarded as a fundamental requirement of good governance.

Compared to Greece, the Norwegian social and welfare system is framed by a much more simplistic institutional structure. In Greece, a large number of central public entities and their local networks are involved in the design, financing, implementa-

tion and provision of social welfare benefits, and the administration and provision of social insurance benefits is organised across a number of funds. At the time this report is being written, Greece is carrying out several public reforms in order to improve co-operation and coordination between the different institutions. The reforms are based on a recognition that transparency, accountability and citizen engagement is a critical factor in organising the public administration. The government has introduced a set of open government initiatives aiming to introduce significant levels of transparency, accountability and citizen engagement within all levels of the Greek public administration and to establish a new “social contract” between the citizen and the state is being formulated.

The largest public sector reform in Norway, initiated to achieve the goal of a simple and transparent system of governance, was the 2006 merger of the Labour Administration (responsible for implementing active labour market policies) and the Welfare Administration (responsible for the payment of old-age and disability pensions, child benefits, sickness benefits) into a new labour and welfare service (NAV). This is regarded as “one of the most radical coordination initiatives in Europe” (Champion & Bonoli 2011). The main reasons for this assessment are first of all the scope of the reform. NAV administrates one third of the national budget, and their activities include a very wide range of services and benefits. Secondly the reform involved a merger of two large state agencies followed by mandatory partnerships between central government and each of the 428 municipalities (Aakvik, Monstad & Holmås 2014).

The reform also entailed a more formal collaboration between the new state administration and the local-government social-services administration. Municipal self-government has traditionally enjoyed a strong position in Norway, based on the principle that assignments should be attached at the lowest possible effective management level. This is meant to secure the best use of available people, resources and time, and providing services based on local knowledge of what the challenges are. Thus the municipalities are responsible for a broad portfolio of basic welfare services, which includes social services for promoting economic and social security, better living conditions for the disadvantaged, contributing to increased equality and preventing social problems.

The general conditions for the NAV reform were favourable. The reorganisation was implemented backed by a large public sector budget. The labour market conditions varied during the implementation period, but all in all the unemployment rate was low compared to other European countries and the employment rate was high. In spite of these framework conditions, evaluations of the reform have identified problems with the merging of the two agencies. Fimreite, Christensen and Læg Reid (2012:19) conclude that “the main challenge seems to be to establish constructive cooperation between central and local authorities”. They also point out that there still are challenges in terms of creating a coordinated front-line service with user-oriented NAV offices.

These challenges are related to a tension between roles and tasks. When it comes to the main ambition of the NAV reform – to help passive beneficiaries back into work and activity – different studies have concluded that there has been little effect when it comes to helping users back to work after a period of sickness or unemployment, at least in the short term (Aakvik, Monstad & Holmås 2014). The results from these evaluations of the reorganisation have in other words been mixed, and emphasised that any positive effects of a reform of this size will take time to appear.

Greece is obligated by the International Monetary Fund, the European Central Bank and the European Commission to make major reforms in order to achieve a more efficient and transparent public administration. Given the current situation in Greece an obvious question is: how realistic is it that these reforms will be successful in the short term given the Norwegian experience with NAV?

3. Evidence-based development of social policy

Evidence-based social policy is obviously an aim in both Norway and Greece. Using the best available information and research to describe the use of and the outcome from receiving different kind of benefits and the participation in labour market programmes can help to identify what works and what does not work; it can guide policymakers in budget and policy decisions, and provide input for improvement of programme performance. As described in chapter 7 the production of official statistics and the foundation for much of the research on labour and welfare policies in Norway, are based on information from administrative registers. This information constitutes a rich data source, which provides the opportunity to give a comprehensive description and evaluation of different aspects of the Norwegian social policy.

One characteristic that has been given of what is called the Mediterranean model for social inclusion, is that it lacks National Strategies for defining a common framework of principles, priorities and measurable targets when it comes to interventions to combat poverty and social exclusion (Amitsis 2015). The absence of a framework has been said to lead to a lack of coordination of the policies, a lack of monitoring due to insufficient data, and a lack of evaluations. This has been addressed in the Greek National Strategy for Social Inclusion of 2014 as one of four operational axes namely “Good governance of inclusion policies”. As a result, Greece is currently establishing a new institution to coordinate the country’s social inclusion policy called National Mechanism for the Coordination, Monitoring and Evaluation of Social Inclusion and Social Cohesion Policies (NM). In addition to contributing to the formulation and implementation of national and local policies, this body is responsible for collecting data about beneficiaries, programmes and actions, monitoring and evaluating policies.

In the work of establishing the NM, three different aspects of the Norwegian system might be helpful.

- It is important that the information from the different institutions is being reported at an individual level. This makes the development of indicators more flexible, and it also ensures that one can provide figures for different subgroups.
- The use of one common personal identifier across different administrative systems makes it possible to link data on individuals from different systems. This opens up for the possibility of not only producing statistics on e.g. the number of recipients of a specific benefit, but also following beneficiaries before and after they received the benefit. It can also provide researchers with comprehensive data which makes it possible to analyse the effect of the different programmes or actions implemented.
- In Norway the main supplier of official statistics is the national statistical bureau (Statistics Norway) which is a professionally independent institution. This is essential to maintaining the credibility of official statistics. However, agencies such as the Labour and Welfare Service (NAV) also produce statistics. They are responsible for publishing monthly figures that monitor the number of recipients of the different benefits and pensions, as well as participants in the different measures that NAV administrates. Together they provide a solid foundation for gaining insight into social development, including the economic impact of political measures, which are both important tools in social planning.

The work approach

Compared to other countries, the Norwegian welfare state is generous. According to a generosity index (extracted from the Comparative Welfare Entitlements Dataset) accounting for a combination of compensation level, duration, coverage extent and eligibility criteria for sickness benefits, unemployment insurance and retirement pensions, Norway was the most generous country of those included in the dataset in 2010. Neither the magnitude, nor the generosity of the welfare state could have been possible without a solid tax base, a relatively high tax level, and an effective system for preventing tax evasion.

According to conventional economic theory, generous social security systems will not only hamper economic growth, they will also entail negative work incentives. However, recent research does not confirm these assumptions. More and more economists conclude that welfare state measures and equal distribution promotes growth (see Ostry, Berg & Tangarides 2014), and the employment rate of Scandinavian countries suggests that the work ethics are high despite welfare state generosity (van der Wel & Halvorsen 2015).

The Scandinavian experience during the last century shows that high and increasing labour market participation can coexist with the expansion of social security systems. (Kuhnle & Hort 2004: 19)

An important explanation of why the Scandinavian countries have succeeded in combining welfare with work is the emphasis placed on the work approach. Norway has limited experience with high unemployment rates, but non-work is high on the political agenda, and has been so for decades.

The government is constantly concerned with the relatively high number of Norwegians that are temporarily or permanently out of the labour market and supported by a welfare allowance (Fløtten et al. 2013). This situation is worrisome for several reasons. Work in itself is considered an important welfare asset. Besides securing income, work is important for social integration and self-fulfilment. Non-work is expensive, both because people are supported by public allowances and because it limits the tax-base. And given the ageing of the population, a large number of people outside the labour market challenges the sustainability of the welfare state.

Because of these factors, a strong work approach permeates Scandinavian welfare policy. Recent welfare reforms have focused on active rather than passive measures, and the political discussion has given attention to possible disincentive effects. With generosity follows obligations and there is an implicit social contract in the Nordic welfare states: as long as most people work as much and for as many years as possible, the state will provide generous welfare arrangements. However, if this contract is not fulfilled, cut backs in social allowances and services will most likely be the result.

Why then, is this relevant for Greece? In the current situation, the problem in Greece is the lack of jobs. In Norway, the work approach and the ALMP are mainly directed towards people with special challenges when it comes to labour market inclusion, while the massive unemployment caused by the financial crisis will give the labour market inclusion policies a very different focus in Greece. It is nevertheless important to make sure that the reforms undertaken encompass a clear work approach in order to promote an inclusive labour market after recovery from the crisis. This means that the social security system must be organised in such a way that it provides incentives to work – for all. There is no definite answer to how exactly this should be done, as the formation of policies depends on values and preferences, previous policies and the structure of industry, as well as expected industrial developments due to globalisation of the economy. Questions to be addressed in the current situation are for example:

- To what extent are the reforms introduced likely to promote labour market inclusion for those who can work and decent living conditions for those who cannot, in the future?

- The Norwegian welfare state has played an important role as a provider of a broad range of welfare services. This has contributed to developing a competent and highly qualified work force, and it has led to a high female employment rate. This has been an important asset in the development of the Norwegian welfare state (and the Norwegian society). How may Greece combine the efforts to create jobs for all with efforts to increase the labour force participation of women?

Universalism combined with targeting

The Nordic welfare states are renowned for the broad universalism in provision of allowances and services. The universal welfare provision, included the social investment policies, is given credit for the comparatively equal distribution of living conditions in Norway. Even though the welfare system is permeated with universalism, there are also clear focus elements in the Norwegian welfare state. Vulnerable groups are identified, and specific programmes and policies are targeted towards these groups. As mentioned before, the Agreement on an inclusive working life has pinpointed the elderly and people with disabilities as target groups for inclusion policies. In addition, the government is concerned with the low employment rate among immigrants (non-western) and young people.

Two specific programmes have been introduced since 2000 to enhance labour force participation among people who are relatively far from the labour market: the qualification programme and the introduction programme (see the description of these programmes in chapters 5 and 7). By systematically focusing on vulnerable groups it is easier to assure that the policies developed actually meet the needs of these groups. It is also easier to evaluate the effect of the measures.

In Norway, targeted measures are additional to the universal policy, and the universal policy prevents persons from becoming vulnerable in the outset. The goal of the Norwegian welfare policy is that as many as possible are covered through universal arrangements (education, health care, labour market policies, public pensions etc.), but that, simultaneously, there is a system to target those who need additional help.

- Is it possible to combine general efforts to help “ordinary” unemployed into the labour market with efforts to ensure labour market inclusion also for those who have a relatively long way to go before they are employable?

9.2 Concluding remarks

The conclusions outlined in this report are general, and the time horizon is long-term. This however emphasises exactly how the Nordic model evolved. Its origins can be traced more than a century back and the model is a result of many small and large compromises. In order to build a sustainable and inclusive welfare state, it is not sufficient to introduce a single measure or modify a single social security scheme. The process must and will take place over a long period of time.

Consequently, while handling the current crisis, Greece must also focus on the long-term objective of building a sustainable and inclusive welfare state. The goals that are set by Greece now, will determine what the Greek welfare state will look like in 10 or 20 years. Important questions to address are: Which institutions are necessary to reach the objectives? Which actors must be involved in the process? What “sacrifices” might the population endure while the reconstruction of the welfare state takes place? What kind of framework must be established to ensure systematic monitoring of new measures and reforms, which makes it possible to adjust the course of the process?

Throughout the process of reforming the welfare state it should be a clear ambition to strengthen the social capital or the trust between actors, and between the population and central institutions. Strengthening the social capital of society may ease the implementation of reforms and the development of policies. As argued by Knack and Keefer (1997), strong social capital may also have an economic payoff.

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Appendix – ALMP in Norway

The descriptions of the active labour market programmes in Norway given are based on qualitative report taken from EUROSTAT LMP database¹³.

LMP services

Job clubs

Beneficiaries: Unemployed aged 19 or above who have adequate education and/or adequate experience, but for some reason do not get a job.

Action/Instrument: Job-clubs are based on a group methodology where social relations, learning from each other and mutual inspiration are the key concepts. Learning about the process of jobseeking is the essential part, and all the real jobseeking is done within the group. Job-clubs are administered and operated by the Norwegian Labour and Welfare Administration (NAV) and the average duration is approximately 4 weeks.

Participants who are entitled to unemployment benefit can keep this support throughout the job-club-period. Other participants may receive an alternative allowance during the period of the job-club.

Assessment

Beneficiaries: Before being assigned to a scheme, participation in said scheme must be considered necessary and appropriate in order for the participant to obtain or retain income-providing employment. The Labour and Welfare Administration may demand that the user must complete a needs or capacity for work assessment. Choice, design and duration of schemes are decided in cooperation with the participant. Participants in schemes must be above the age of 16.

Action/Instrument: Clarification may comprise systematic review and assessment of the individual's capacity for work and any further requirements for assistance to enter the labour market or to retain work. The clarification must be individually adapted and

¹³Date of extraction: 29 July 2016.

may comprise a review of and guidance with regards to the individual's opportunities in the labour market. Testing of capacity for work may also be included as an element in the assessment when this is considered necessary and appropriate. Clarification may be provided to persons who require more comprehensive clarification assistance than what may be offered by the Labour and Welfare Service. Based on a needs or capacity to work assessment, the duration of the clarification must be adapted to the participant's individual requirements based on his/her opportunities in the labour market. Clarification may last for up to four weeks with the possibility of an extension of up to a further eight weeks.

Individual Follow-up

Beneficiaries: Before being assigned to a scheme, participation in said scheme must be considered necessary and appropriate in order for the participant to obtain or retain income-providing employment. The Labour and Welfare Administration may demand that the user must complete a needs or capacity for work assessment. Choice, design and duration of schemes are decided in cooperation with the participant. Participants in schemes must be above the age of 16.

Action/Instrument: Follow-up may involve motivation, instruction and counselling for both scheme participant, employer and other scheme organizers, training in work-related and social skills, assistance in seeking employment, and assistance for adjustment and adaptation of work and work situation. The follow-up scheme may also be implemented as a job club. Follow-up may further be provided as assistance related to practical tasks. Special education assistance and other professional assistance may also be included as a part of follow-up if required by the user. Follow-up may be provided to persons who require more comprehensive communication and follow-up assistance than what may be offered by the Labour and Welfare Administration.

Training

Labour market training

Beneficiaries: A labour market course that may be offered to ordinary job seekers or vocationally handicapped that require qualifications. Employees in an uncertain employment situation who require qualifications can also be offered labour market courses. Participants in training schemes must be over 19 years of age.

Action/Instrument: Labour market training (LMT) shall help ordinary job seekers or vocationally handicapped to be qualified for vacant jobs and prevent the exclusion of

employees who are in danger of dropping out of working life. Training is to be given as a labour market course organised in collaboration with the Labour and Welfare Administration (NAV) for NAV's user groups. Labour market training (LMT) is mostly given as ordinary classroom education, provided either by the public school system or by private educational institutions and paid for by NAV. The fields of education are diverse, but the vast majority of courses fall within the secondary school level of education. The secondary school level courses offered within the LMT can be interchanged with modules of courses offered by the public school system, but LMT does not offer a complete set of modules in a specific course. A few courses are aimed at unemployed with unfulfilled primary education.

Education in regular schools

Beneficiaries: Occupationally disabled persons.

Action/Instrument: Labour market training (LMT) shall help ordinary job seekers or vocationally handicapped to be qualified for vacant jobs and prevent the exclusion of employees who are in danger of dropping out of working life. Training is to be given as a labour market course organised in collaboration with the Labour and Welfare Administration (NAV) for NAV's user groups. Labour market training (LMT) is mostly given as ordinary classroom education, provided either by the public school system or by private educational institutions and paid for by NAV. The fields of education are diverse, but the vast majority of courses fall within the secondary school level of education. The secondary school level courses offered within the LMT can be interchanged with modules of courses offered by the public school system, but LMT does not offer a complete set of modules in a specific course. A few courses are aimed at unemployed with unfulfilled primary education.

Employment Incentives

Wage subsidies to employers

Beneficiaries: Job seekers who have particular problems entering the labour market are entitled to participate in the scheme. (included from 2009: the disabled group)

Action/Instrument: Wage subsidies are intended to help vulnerable groups of job seekers to be employed on ordinary wage and employment conditions. This is achieved by providing a time-limited wage subsidy to employers that employ persons in the target group on ordinary wage and employment conditions with the aim of establishing a permanent employment relationship. Participants in the schemes are to carry out ordi-

nary tasks in a public-sector or private-sector company. The participants are to receive wages from the employer in accordance with the agreements that apply to the enterprise.

Work experience in ordinary enterprises

Beneficiaries: Occupationally disabled and ordinary job seekers.

Action/Instrument: The scheme is to provide adapted job training and follow-up. It is aimed at helping to try out the individual's opportunities in the labour market and to improve the participants' chances of finding work or starting an education. A plan must be prepared for each individual participant. The work experience is to take place in an ordinary enterprise. The duration of this scheme is to be adapted to suit a participant's individual needs conditional on his/her opportunities in the labour market, within the maximum limit of three years.

Time-unlimited wage subsidies to employers

Beneficiaries: The measure is reserved for people that has sustained and/or significantly reduced work capacity and where the other option may be a transition to disability pension. The measure includes persons with reduced working capacity due to health and/or social reasons. The target group may also include persons who are granted a graded or full disability pension.

Action/Instrument: Time-unlimited wage subsidies are to increase the opportunities for ordinary work among people with permanent or substantial reduced work capacity and to contribute to the prevention of disability benefits. To achieve this in an indefinite period provided compensation, in the form of wage subsidies, can be given to employers who retain or hire individuals in the target group with ordinary wages and working conditions and with the intentions of long term employment. The employees are to perform ordinary work tasks in a public or private workplace, and have the same rights and duties as other employees.

Supported employment and rehabilitation

Work experience in ordinary enterprises

Beneficiaries: Occupationally disabled and ordinary job seeker.

Action/Instrument: The scheme is to provide adapted job training and follow-up. It is aimed at helping to try out the individual's opportunities in the labour market and to improve the participants' chances of finding work or starting an education. A plan must

be prepared for each individual participant. The work experience is to take place in an ordinary enterprise. The duration of this scheme is to be adapted to suit a participant's individual needs conditional on his/her opportunities in the labour market, within the maximum limit of three years.

Supported employment

Beneficiaries: Occupationally disabled who have a particular need for wide-ranging follow-up in order to get or keep a job.

Action/Instrument: Supported employment is aimed at providing suitable and necessary assistance with the objective of integrating the vocationally handicapped into normal working life. Assistance may be given in the form of charting of the person's competence, assistance in finding a suitable workplace, the adaptation of the workplace, training in work-related and social skills as well as advice and guidance to the employer/scheme arranger. Supported employment is to be used in connection with vocational rehabilitation in ordinary enterprises, including in combination with other labour market schemes if suitable. Supported employment can also be used in connection with the transition from school or the serving of a sentence in an institution to work or to schemes such as those mentioned in the previous paragraph. The duration of the scheme shall in each case be adapted to the participant's individual needs based on his/her opportunities in the labour market. The maximum duration is three years. If the scheme is used in the case of a transition from school or serving of a sentence in an institution, the duration may be extended by up to six months.

Rehabilitation assessment in sheltered workshop

Beneficiaries: Occupationally disabled.

Action/Instrument: The Clarification programme is arranged by labour market enterprises.

The scheme is to provide the vocationally handicapped with clarification, motivation, counselling, mapping and trying out the participants work capacity in order to clarify needs of measures which can contribute to getting a job. The scheme is to be carried out in actual company environments. The objective of the scheme is to help the employee obtain a normal job or a self-financed education. Clarification in sheltered undertakings may only be offered to persons who have had their capacity for work reduced to such a degree that they are obstructed from obtaining or retaining income-providing employment. The duration of the scheme is to be adapted to the participants' individual needs based on the participant's opportunities in the labour market, within the maximum limit of 12 week.

Qualification programmes in sheltered workshops

Beneficiaries: Occupationally disabled.

Action/Instrument: Qualification programmes in sheltered workshops is arranged by labour market enterprises. The scheme is to provide the vocationally handicapped with increased actual and formal competence through adapted training and work training. The scheme is to be carried out in actual company environments. The objective of the scheme is to help the employee obtain a normal job or a self-financed education. The duration of the scheme is to be adapted to the participants' individual needs based on the participant's opportunities in the labour market, within the maximum limit of two years. The period can be extended if necessary in order for the participant to achieve a professional/trade certificate. Its duration must agree with the individual participant's rehabilitation.

Work-oriented rehabilitation for vocationally handicapped

Beneficiaries: Before being assigned to a scheme, participation in said scheme must be considered necessary and appropriate in order for the participant to obtain or retain income-providing employment. The Labour and Welfare Administration may demand that the user must complete a needs or capacity for work assessment. Choice, design and duration of schemes are decided in cooperation with the participant. Participants in schemes must be above the age of 16.

Action/Instrument: Work-oriented rehabilitation may include preparation for work training, work trials, contact with working life, general training, functionality training, practical training, motivation, social coping training, lifestyle instruction or a combination of these elements. Work-oriented rehabilitation may be offered to persons who have had their capacity for work reduced such that they are obstructed from obtaining or retaining income-providing employment.

Direct job creation

Temporary employment measures for the occupationally disable

Beneficiaries: Occupationally disabled who need work experience and training can take part in employment schemes with maximum duration one year. Occupationally disabled who require longer work experience can take part in employment schemes for the vocationally handicapped with maximum duration two years. Occupationally disabled who require work experience in order to get a job can be given a temporary job

Action/Instrument: Temporary employment schemes are intended to provide work experience to those who are in danger of being permanently excluded from working life or who have problems becoming established in the labour market. Other labour market schemes must have been considered before a person can be admitted to an employment scheme. Employment schemes for the vocationally handicapped must provide the participants with work experience. The duration of the scheme is to be adapted to the participant's individual needs in each individual case, based on this person's opportunities in the labour market. Employment schemes for the vocationally handicapped can have a duration of up to two years.

Start up incentives

Start your own business

Beneficiaries: Registered unemployed and occupationally disabled creating their own business.

Action/Instrument: During the period of planning and implementation of their own business, participants have to be registered as jobseekers at NAV (the Norwegian Labour and Welfare service) and continue to receive unemployment benefit. The participants receive no additional benefits from NAV, but they usually receive a grant in order to start their own business from the "Norwegian industrial and regional development fund". However they are not sanctioned from receiving unemployment benefit if they refuse to take a job offered by NAV. The application contains a business plan where the applicant has to convince NAV that the business is sustainable in the long term. NAV will not give any financial support other than the prolongation of the unemployment benefit, which can last for a maximum of 9 months.

The Norwegian social model – an inspiration for Greece?

Norway and Greece were unequally affected by the financial crisis. While Norway was one of the countries that came out of the crisis in a relatively sound condition, Greece was one of the countries hardest hit. In the aftermath of the crisis Greece has introduced several welfare reforms, but the country still aims at improving the effectiveness, efficiency and fairness of its welfare state further. The Greek Ministry of Labour, Social Security & Social Solidarity and the Norwegian Ministry of Labour and Social Affairs asked Fafo to conduct a study where relevant features of the Norwegian social model are highlighted and where features of the Norwegian model that could be an inspiration for Greece are identified. The results of the study is presented in this report.



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