

# **New Governance in Welfare:**

what impact for persons with health  
problems and disabilities?

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# New governance ....

- *'Governance'* – arrangements for steering, coordinating, directing, managing and monitoring performance
- *New Governance in Welfare* =
  - Official Agreements between the Authorities and the Social Partners
  - Integrated Labour and Market Administration

# Agenda

- The problem
- The solution?
  - New forms of governance?
  - Tightening access to social security provisions?
  - A combination of these?
  - Other solutions?
- ‘Impact of new governance’:
- Does the new governance improve the inclusion of persons with long-term health problems or disabilities?
- Discussion and concluding remarks

# The problem

- Low employment participation among persons with long-term health problems or disabilities is a problem in many European and OECD-countries
- *Economic passivity among young people* is an issue of particular concern
- A matter of denial of human rights, as well as a misuse of human resources – especially in the context of demographic ageing, increasing pressures on the welfare state and growing need for labour

# Norwegian case 1:

## Tripartite agreement to promote an inclusionary working life

- Established in October 2001 (renewed several times, most recently February 2010)
- The parties: the main organisations of the social partners and the government
- The original three goals for this '*IA-agreement*':
  1. Reduce sickness absence
  2. Improve the employment prospects for persons with disabilities through recruitment (hiring)
  3. Promote longer working careers
- The second goal was redefined, specified and differentiated in 2007, in the light of the experiences made so far

## Tripartite agreement (cont.)

- The idea: commit the social partners – both centrally and in the enterprise – to take greater responsibility for an inclusionary working life
- A Norwegian case of the growing international belief in *public-private partnerships* to promote welfare objectives
- Main instruments: participating enterprises got more flexible access to public resources to support inclusion and this has been a main motivating factor for participating organisations (plus potential reputation gains)

# Norwegian case 2: Integrated Labour and Welfare Administration

- What triggered the process towards an integrated administration?
- For many years, observers have noted problems of *insufficient coordination and collaboration* between different branches of welfare provision – in Norway and elsewhere
- International research on 'inter-organisational relations' has analysed such problems for several decades

## Integrated administration (cont.)

- Around 2000, organisations of Norwegians in disadvantaged social positions argued that their members were sent back and forth between different agencies, ‘like shuttlecocks’ (kasteballer)
- The organisations lobbied the Parliament’s Social Welfare Committee to rectify this situation
- The Committee somewhat surprisingly proposed that the government should review the issue of *a full merger of the national insurance administration, the national employment service and the local authority social services*
- The parliament unanimously supported this proposal in December 2001

## Integrated administration (cont.)

- First a White Paper; later also a Green Paper, presented various models of integration
- Again, the Norwegian case illustrates a broader international search for new welfare governance, including ‘one-stop’ agencies or ‘single gateways’
- In its final bill to the parliament proposing an integrated administration, the government referred in particular to related changes in Denmark, Finland, Germany, the Netherlands and the United Kingdom

## Integrated administration (cont.)

- In May 2005, the Norwegian parliament adopted a proposal for
  - a complete merger between the national insurance administration and the national employment service, *plus*
  - a partial integration with local authority social services
- The government established an interim organisation to prepare a rather prolonged implementation period of this *‘NAV-reform’*

## Integrated administration (cont.)

- Simultaneously (or in parallel to implementing the NAV reform), the government introduced a *number of far-reaching reforms on the social security side*; the most significant being:
  - A old age retirement pension reform
  - A qualification programme for long-term social assistance claimants
  - A simplified structure of social insurance benefits ‘between’ sickness pay and long-term incapacity benefits
  - A reform of long-term incapacity benefits is pending

# Integrated administration (cont.)

- The Norwegian parliament, however, *also*:
  - Adopted a ‘shadow legislation’ to EU Directive 2000/78 on equal treatment in employment
  - Signed the 2007 UN Convention on the Rights of Persons with Disabilities
- Thus Norway has opened up for a strengthening of *legal protection against discrimination*, for enforcing *positive duties on the part of employers*, and for *exploiting potential synergies between ‘social regulation’ and ‘transfer-oriented policies’* to greater extent

# What impact of the two governance reforms?

- *None of the reforms was designed to facilitate an assessment of effects (e.g. some form of experiment with 'treatment' and 'control' group)*
- Participation in the IA-agreement has been voluntary and there are reasons to expect *positive self-selection* (e.g. lower participation rate among private than among public sector work organisations)
- Although some local pilots of integrated administration took place and the NAV-reform has been implemented over a prolonged period (allowing a comparison of early and late starters), pilot and early starters have probably also been positively selected

# The impact of the reforms (cont.)

- The IA-agreement:
- Various assessments have been undertaken
- The most recent and most thorough assessment concludes as follows:
- **Goal 1:** Although reduction in sickness absence was not achieved on an overall national level, this was the case in some sectors (mainly participating private sector firms)

## The impact of the reforms (cont.)

- **Goal 2** (as redefined in 2007): While the target for return to employment after long-term absence was reached, this was *not* the case for the target for intensity of transitions from sickness absence to vocational rehabilitation.
- The target for the intensity of transitions from health-related social insurance provisions to employment was *not* reached

## The impact of the reforms (cont.)

- Only one third of the participating enterprises had experience with providing temporary training jobs ('IA-placements')
- The total number of persons who had filled such jobs appeared to be small
- The evaluators argue that the limited success of IA-placements partly reflect insufficient capacity and referral systems in the newly established NAV-system, partly a lack of priority given to this goal, also on the part of the enterprises

## The impact of the reforms (cont.)

- In other words, the original goal of committing the social partners to recruit persons with disabilities had largely been renounced from 2007
- *It must be fair to characterise this as a major goal displacement*
- The main focus of enterprises' responsibilities had been limited to already employed persons who acquire an impairment and reduced work capacity

## The impact of the reforms (cont.)

- The evaluators comment laconically that the agreed division of labour between the social partners and the government - responsibility for already employed and for persons without a job, respectively - may be ‘a too unambitious approach’
- *We may add that this illustrates the well-known ‘insider/outsider’ division, compounding the challenge of (re-)entering the labour market for persons who with little prior job experience or who have had to give up a previous job*

## The impact of the reforms (cont.)

- **Goal 3:** At a national level the goal of prolonging working careers appeared to be achieved – the expected retirement age of those aged 50+ increased with 6 months between 2001 and 2009
- The evaluators emphasise, however, that it is a challenge to assess whether this change is a result of the general labour market situation or the particular efforts made under the IA-agreement

# The impact of the reforms (cont.)

- The NAV-reform
- An on-going process-evaluation has had fairly little to say about expected or achieved impact
- Opposition politicians and the media have given the process of implementing NAV a lot of negative publicity
- This criticism has probably overshadowed the progress that NAV has actually made since 2005

## The impact of the reforms (cont.)

- An effect-evaluation of the NAV-reform is underway but no results are available, since NAV has hardly been fully implemented so far
- It will be demanding to isolate the impact of NAV seen as a governance reform (see the various parallel changes mentioned earlier)

# Discussion and concluding comments

- In the lack of an impact assessment of NAV, I will briefly do the following:
  - Indicate what evaluations of integrated service delivery in other countries give us reason to expect – or *not* expect - in terms of positive outcomes for affected citizens
  - Summarise the overall comparative performance of the total Norwegian system
  - Ask whether the solution of the problem is 'elsewhere', that is, not within new welfare governance of the kinds discussed here

# Discussion (cont.)

## *RE Findings of international assessments of integrated services:*

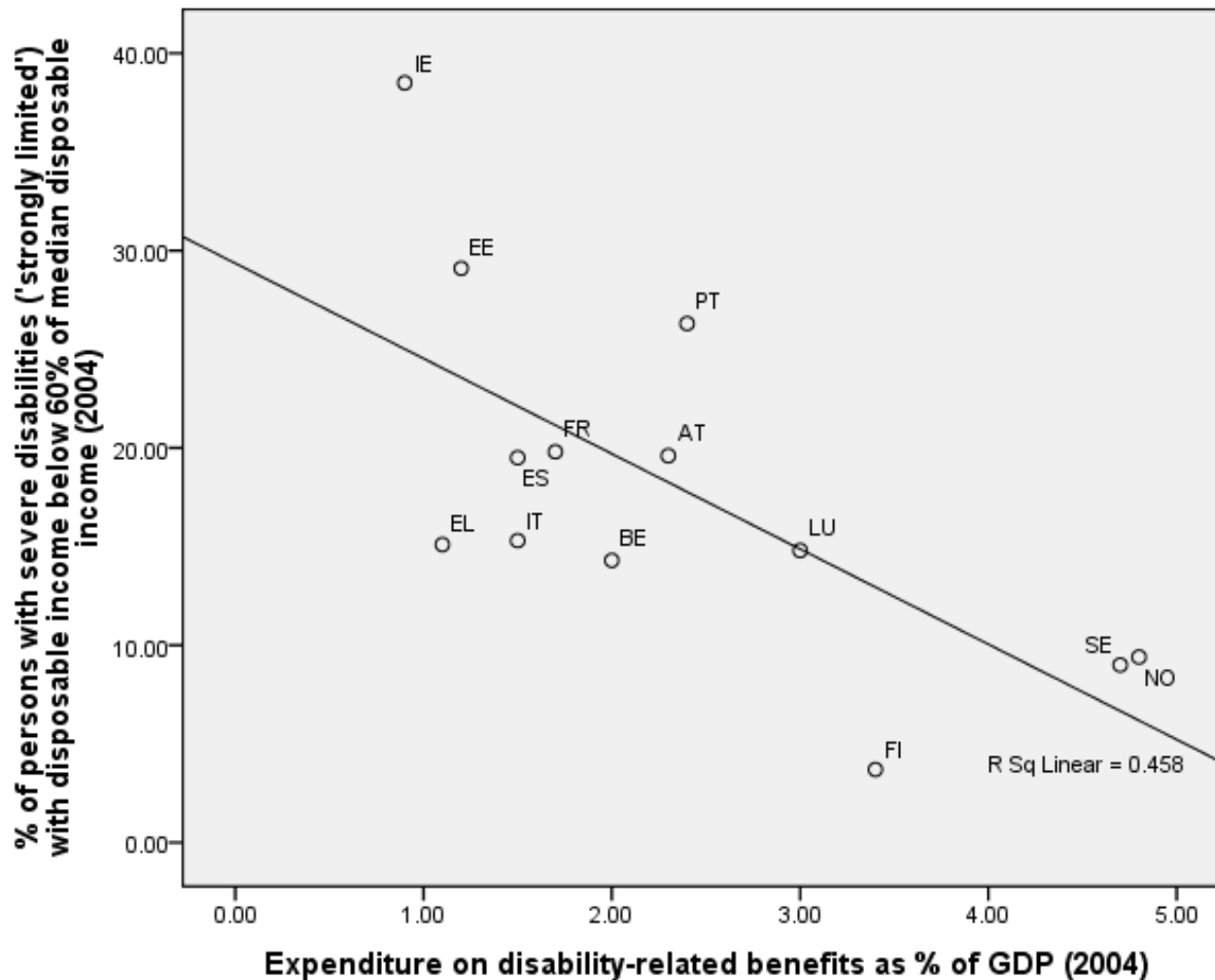
- Leading researchers summarise the evidence for impacts - in terms of measurable positive outcomes for the citizens in question - as mixed, ambiguous and generally 'thin'
- At the same time, the researchers point to *other* gains, e.g. improved access to services
- One reason for the mixed or limited impact may be that merging complex organisations creates additional interfaces & interdependencies requiring mechanisms of internal coordination (while the interfaces & interdependencies with organisations not part of the merger, remain the same)

# Discussion (cont.)

*RE A simplified overall picture of the Norwegian comparative performance*

- Norway is among the countries with the lowest level of poverty among persons with disabilities
- While the employment rates of persons with disabilities in Norway has remained stable (around 45 per cent) in the 2001-2008 period, in Denmark and Sweden the corresponding employment rates have probably been higher or even increasing in the same period
- In Norway, employers' demand for the labour power of persons with disabilities appears to have been largely unaffected by business cycle variations of the labour market

# Relative poverty among persons with severe disabilities by spending on disability-related benefits (Selected European countries 2004)

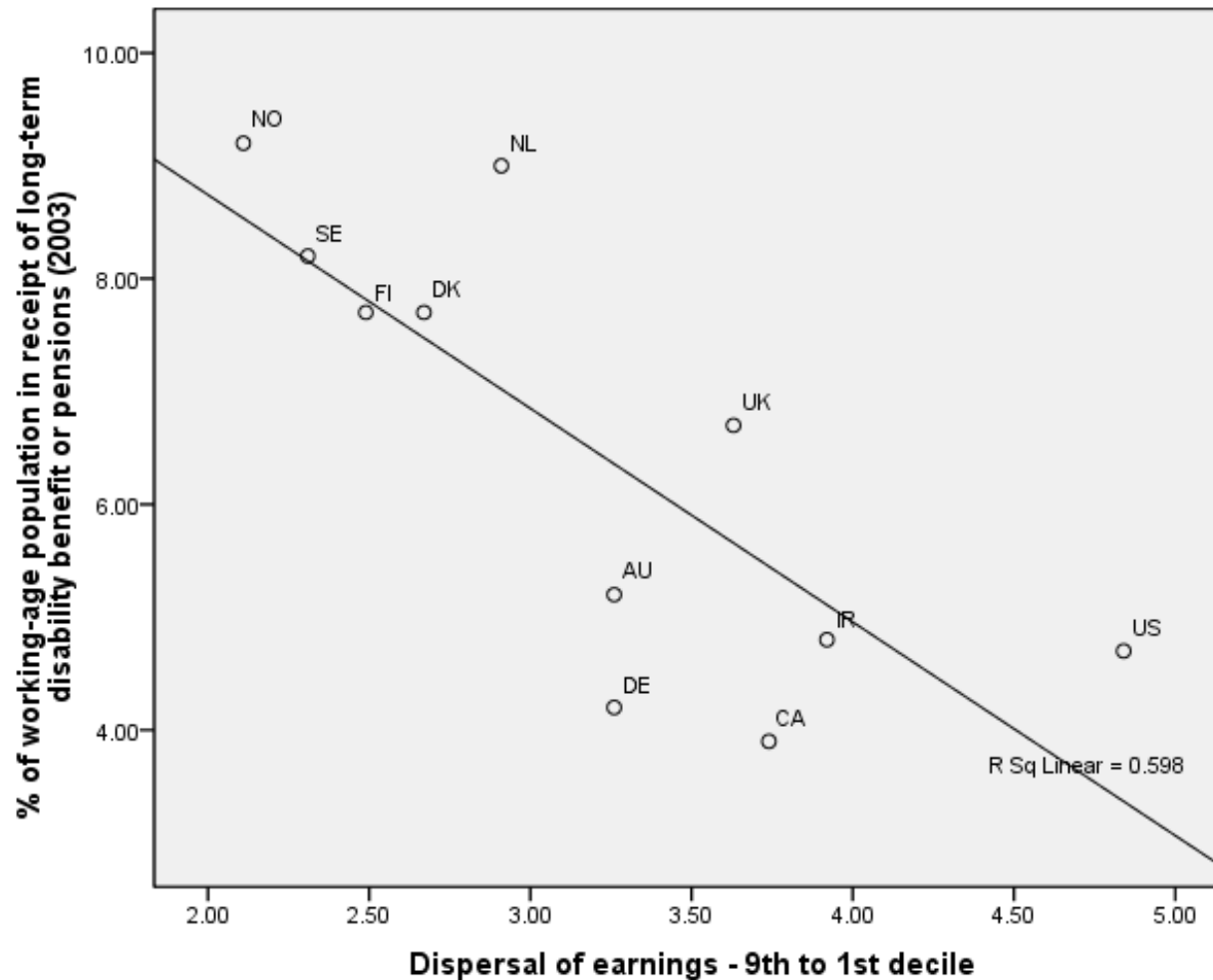


## Discussion (cont.)

### *RE Is the solution to be found elsewhere?*

- Cuts in the social security provisions of persons with disabilities? Stricter requirements about repeated activation 'tests'? Greater differences in wages?
- Offer more permanent wage subsidies (publically subsidised jobs)?
- Combine sticks and carrots – also vis-à-vis employers?
- New sticks: Enforce positive duties? Impose financial and reputational cost for not contributing to the hiring of persons with disabilities ('naming and blaming')?
- New carrots: Less tightly controlled wage subsidies (or tax deductions)? More public/private sharing of the costs of workplace accommodation?

# Disability benefit recipiency rates, by dispersal of earnings (OECD-countries 2003)



# Thank you for your attention!

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