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With limited funds available, governments around the world might do well to learn from Norway, where local and national authorities have worked together to deliver the country's widest ever package of welfare reforms.

Here, *Citizen today's* **Walter Gibbs** talks to Yngvar Åsholt, Norway's man with a plan

The future of welfare

When the Norwegian Parliament voted in 2005 to modernize the way social benefits are provided to an aging population, many Norwegians assumed they were in for a little bureaucratic remodeling. What they got instead was the biggest public-sector reform since the rise of the modern Norwegian welfare state in the late 1940s.

"Very few people understood how big this restructuring was going to be, and absolutely no one realized how hard it would be to execute," says Yngvar Åsholt, the public administrator assigned to bring it off.

Åsholt, 46, spent three-and-a-half years helping construct the National Labour and Welfare Administration (NAV), a new organizational structure for what amounted to a third of the national budget – from pensions and unemployment benefits at the top tier of government to drug rehab and housing assistance at the local level.

"Compared with other countries, our major innovation has been to consolidate state and municipal services inside every local NAV office, so users can have something like one-stop shopping," says Åsholt, who coordinates NAV's 19 county operations when he's not directing the nationwide reform program.

"Putting state and local employees to work side by side under one office manager was daring. But it was a merger of equals. And it has worked," he says.

As fate had it, the global financial markets collapsed and unemployment shot up just as 17,000 reassigned workers were unpacking boxes and plugging in computers at hundreds of new NAV offices around the country. A run on benefits increased the newly consolidated budget

to about US\$50b a year. Norway's General Accounting Office criticized the fledgling NAV for handling new benefit applications too slowly and in some cases sending out the wrong amounts. But through it all, Åsholt's reform goals have remained fixed: clarify the available benefits, streamline the application process and help able-bodied recipients back to work.

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Now that NAV is up and running, Åsholt has turned his attention from planning the reforms to what he calls "content" – the actual parceling out of benefits and services. He wants recipients to be supervised more personally, maximizing the return on each krone, but he does not believe this amounts to a crackdown.

"The benefits are largely unchanged," he says, "and so are the criteria. What's new is follow-up, follow-up and more follow-up."

Benefit applicants used to enter the welfare and labor systems through many doors. For long-term unemployment, sick pay and pensions of every kind they went to the National Insurance Administration. For short-term jobless benefits, job training and listings, they tried the Labour Market Administration. For help in a sudden financial crisis, housing problem or family breakup, they made their way to a municipal social services office.

Today they just look for a red NAV sign. And thanks to Åsholt's reforms, there are now 457 of them – one "customer service center" for every 10,000 Norwegians. Half of these offices have a catchment area of fewer than 5,000 people, thus honoring the Norwegian tradition of providing services where people live.

NAV's website, meanwhile, is evolving from a static information source to a tool Norwegians can use to evaluate their own benefit and pension options. Some benefits, like the monthly sum parents receive for each child under 18, are generated automatically. It's easier than ever for people to receive their benefits. On the other hand, NAV's increased oversight makes it harder to prolong a job hunt or exaggerate a work injury.

"The idea is to give customized treatment and follow up, using both the carrot and the stick," says Åsholt. "For example, we used to have two milestones for sick leave – at six months and a year. Now we move in faster. We work with people early on to assess what they can do. Then we try to find an activity they can manage."

One new subsidy lets people with major health problems earn a full-time salary for part-time work tailored to their abilities. It beats paying them to stay home.



Photo: Per Thrana

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Yngvar Åsholt

But Åsholt is keen to stress: "We know a lot of people will continue to receive money from us for the rest of their lives, and if they need it, we want them to have it."

In alliance with NAV's overall director, Tor Saglie, and a succession of government ministers, Åsholt has faced countless challenges. The state and municipal workforces had to be integrated while retaining a myriad of union contracts and pay levels. The placement and staffing of hundreds of new offices was necessary, and front-line benefit consultants had to be coaxed into a new role that can seem more like personal coaching or cheerleading than traditional casework.

Not surprisingly, Åsholt has stored up some advice for colleagues in Sweden and elsewhere who are looking at similar types of reform.

"You have to stake out the new strategy clearly and convince everyone to stick with it, even though it will mean extra strain for a while," he says. "Employees have to believe they're doing the right thing, even when the politicians get impatient or the newspapers lash out."

"We feel a very great responsibility to defend and improve the welfare state," he continues. "If this reform does not succeed, it could be that we'll have to reduce compensation for people who are sick or out of work, or to rein in the budget in other ways."

Norway's welfare state now has something for everyone, from infants to the elderly and even the deceased, whose burial costs are assured. At any given time, 60% of Norwegians are receiving benefits of one kind or another. Many in Norway believe this is one secret behind the country's high-performing economy.

Facts

NAV was established on 1 July 2006. Local authorities and the national government have worked together on the most wide-ranging welfare reform of modern times. The organization today counts:

457 offices across Norway

17,000 people employed

2.8 million clients (60% of the Norwegian population)

35 million website visits per year (more than eight per capita)

22 million documents posted per year

10 million phone calls received per year

One-third of clients (almost a million) visit a NAV office personally each year

NAV administers one-third of the national budget (NOK300b or about US\$50b in 2008)

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