

Welfare systems, governance and social innovation: case study country profiles of Austria, Belgium and Italy

*Stijn Oosterlynck, Yuri Kazepov,
Andreas Novy, Pieter Cools,
Tatiana Sarius and Florian Wukovitsch*

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ABSTRACT

This paper presents stylized profiles of the welfare regimes of Austria, Italy and Belgium. It gives a brief overview of the demographic condition and socioeconomic dynamics (especially poverty) of the respective countries, its social policies and expenditures, the situation and policies with regard to labour market and activation, education and the position of ethnic minorities and housing. We combine this with descriptions of the vertical and horizontal governance system of its welfare regime. Finally, on the basis of the all this, we reflect on how a range of governance challenges for socially innovative initiatives, related to the need to coordinate a multiplicity of actors and instruments and work across various spatial scales, express themselves in each of these three welfare regimes. The main aim of this paper is to act as a background document to facilitate the comparison between case studies of socially innovative initiatives and assess how the type of welfare regime and its horizontal and vertical governance system shape the forms of social innovation that emerge in particular countries.

Key words: social innovation, welfare regime, governance, housing, labour market activation, education, ethnic minorities

JEL classification: I 30, H77, P16

1 Introduction

This paper develops brief and necessarily stylized profiles of three of the case study countries for the Improve research on social innovation, namely Austria, Belgium and Italy¹. The case study country profiles combine basic insights in the demography and socioeconomic dynamics of the country, the situation with regard to labour market, education and housing², its social expenditure and the poverty situation (see annex 1) with descriptions of the vertical and horizontal governance system of its welfare regime. We also start a preliminary reflection on the eight governance challenges for socially innovative initiatives identified earlier (see Milestone 42), specifying and modifying our hypotheses about their local forms of social innovation in this country. The governance challenges are (mainly) related to two central issues: the need to coordinate a multiplicity of actors and instruments (from state, civil society, social enterprises and private firms) and to work across various spatial scales (from local initiatives to actors and instruments on regional, national and European level). Our focus on governance challenges follows from our interest in how socially innovative actions and policies are shaped by macro-level welfare state policies (or vice versa).

The country profiles are written by the teams doing the case study research in that particular country. The aim of this paper is to facilitate the comparison between the cases of socially innovative initiatives and the drawing of research conclusions. This follows from our interest in assessing how the type of welfare state and its horizontal and vertical governance system shape the forms of social innovation that emerge in particular countries. Preliminary results presented in this paper will be taken up, specified and modified after finishing the empirical research.

2 Welfare regimes

2.1 Austria – Florian Wukovitsch & Andreas Novy

2.1.1 The Austrian welfare model

Austria is a typical conservative-corporatist welfare state (Esping-Andersen 1990) which has shown strong path-dependency even under the current pressures of neo-liberalisation (BEIGEWUM 2015). Its key elements are (1) a mixture of insurance-based and universal benefits, (2) labor market participation as the key to social citizenship and (3) the family as the key unit of care (Mayrhuber 2015). The employment nexus of social security is complemented with a strong family nexus, i.e. family members can claim benefits without paying contributions (Österle and Heitzmann 2009, 32). The insurance character of welfare provision is particularly strong in the case of unemployment and pension schemes, which are also occupationally segregated, while health care (despite its inclusion in the social insurance system and optional complementary private insurance), care and education (despite early differentiation, see below) are almost universal programs. Moreover, there are means-tested poverty relief programs and social services for minorities and socially excluded groups.

¹ Profiles for the other case study countries (UK, Sweden, Hungary, Spain and Brazil) will be written as well.

² To allow for comparison, we chose to focus the ImPROvE social innovation case studies on three dimensions of social exclusion: long term unemployment and activation, migrants in education and housing (see D14.1).

While accident and health insurance were already implemented in some industries in the 19th century, it was the General Social Security Law in 1956 which laid the foundation of the current Austrian welfare regime. Until the 1980s, there was a continuing tendency of broadening access to welfare institutions as well as a broadening of the range of services, especially the educational system and laws and policies empowering women. Until 1986, social-democratic governments aimed at strengthening universal elements in the Austrian welfare regime in line with the Swedish model. Today, the coverage of health insurance is 99,9% (Mayrhuber 2015: 245). In 1986, a coalition government of social-democrats and Christian-democrats was formed. Since then, Christian-democrats have pushed for neoliberal reforms as well as strengthening the traditional features of the conservative welfare regime of being family-centered. From then on, economic policies were main-streamed, following the European trend towards liberalization, privatization and austerity,, while the structure of the welfare systems was maintained. Many of the innovative elements introduced in social policies during the 1970s, for example in active labour market policies, were cut back, sub-ordinating labor market policies to the short-term requirements of firms as well as strengthening the insurance element of social security to the detriment of redistribution (Mayrhuber 2015: 251). Although the burdens of the so-called austerity packages were unequally distributed, tendencies of state retrenchment are moderate (see table below) and selective.

Even the right-wing government of the Christian democrats with Jörg Haiders FPÖ (200-2006) did neither change social policy fundamentally (Fink 2010), nor abolish social partnership (Tálos 2015: 184), but led to an “institutional conversion” (Pernicka/Stadler 2015: 271). On the one hand

“some of the atypical features with which Austria entered the 1970s are disappearing, most notably the rather social-democratic Keynesian macro-economic policy, the high share of nationalized industries, the strong political influence of the social partners” (Unger/ Heitzmann 2003, 385). “On the other hand, a status-preserving social security system linked to employment and family reliance still leave the Austrian conservative welfare state as solid as the Alps” (Unger/ Heitzmann 2003, 385).

However, EU-membership in 1995 has changed the Austrian corporatist system more than domestic politics. The importance of lobby organisations increased, while national social partners have been weakened. Austrian large industries (represented at the EU-level via Businesseurope) have been strengthened to the detriment of small firms represented by UEAPME) (Tálos 2015: 186-189). For profit-organisations have increasingly been promoted even in social policy (Heitzmann et al. 2015: 121).

Year	social expenditure in % of GDP
1990	
1995	28.8
2000	28.3
2005	28.8
2009	30.8

2010	26.1
2011	29.3
2012	29.5

Source: Fed. Ministry of Labour, Social Affairs and Consumer Protection 2012a, 20-21; Table in Annex 1

In general, within social security spending, there is a tendency of conserving structures. There has been, for example, a rapidly increasing share of old age payments that reduced the room for manoeuvre in more future-oriented policy areas (see below)³. Together with the harmonization of public pension schemes, public subsidizing of complementary private insurance on the financial market has set in, thus making the whole system more market-driven (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 30, 35).

It is a key characteristic of the conservative, family centered welfare model that cash benefits out-weigh benefits in kind. In 2012, 69% of social spending was in kind. However, the share of in kind benefits from 27% (1995) to 31% (2012) (Heitzmann et al. 2015: 123f.) The largest share (56 per cent in 2011) of cash benefits is linked to previous activity and income – i.e. the social insurance benefits for unemployment, old age and invalidity (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012, 21), although the share of universal benefits has risen in the last 20 years, especially with a modified childcare and family support system and new long-term care benefits. The share of means-tested (mostly against income, partly also against property) cash benefits accounts for only 4 per cent of all cash benefits (especially social assistance, equalization supplements under pension insurance, unemployment assistance and pupil and student grants) (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012, 8ff, 23ff, 78). The low share of means-tested benefits is, however, not only an indicator for the strong Bismarckian character of the Austrian welfare system but also of the low rate of long-term unemployment. Health insurance is linked to gainful activity, as all persons living on benefits are covered by mandatory social insurance and 90 per cent of co-insured family members receive benefits without paying additional contributions. Almost all persons living in Austria (99 per cent of the population) are organized in the statutory health insurance schemes and receive more or less the same level of health services (ibid., 58, 62).

Means-tested social assistance, the social benefit of last resort, especially for long-term unemployed, was introduced in the 1970s to combat poverty and was paid to about two per cent of the Austrian population in 2007 (Österle/ Heitzmann 2009, 41). Until 2010, it was in the legislative responsibility of Austria's nine federal provinces ("Länder") and thus varied in terms of access criteria and benefit levels. Means-tested social assistance should guarantee financial support when social insurance systems, a person's own income or property and the income or property of family members who have the legal obligation to pay alimony were not sufficient to make for a living (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012, 78). Due to discretionary power of civil servants and a political discussion on misuse, it was criticised as stigmatizing. Persons who would have been entitled to receive benefits often did not apply – especially in the countryside. In 2010, common access criteria and benefit levels were established nationally. Nowadays, all persons with the right to permanent residence in Austria

³ Although the greatly varying retirement income provision schemes – especially between civil servants and other employees – underwent a major reform in 2005 with the aim of harmonizing the schemes between all occupational groups ("Pensionsharmonisierungsgesetz") and defining objective criteria of calculation – including the exigency of formal employment during 40 years to get full access to old age pension –, the impacts on expenditures will only show in the future.

– i.e. the nuclear family of Austrians, EEA nationals and persons with more than five years of residence in Austria as well as recognized refugees – are entitled to receiving means-tested minimum income benefits (ibid., 80). In contrast to the old system, they do not have to repay benefits once they are better off. Moreover, parents and children of claimants are no longer responsible for supporting their autonomously living relatives. Today, social assistance – now denominated “needs-oriented basic security” (bedarfsorientierte Mindestsicherung) – has been universalized and consists of a flat rate (744 Euro per month) of which 75% are paid as basic benefit and another 25% for housing costs, although the latter is withheld in cases where applicants live in owner-occupied housing or with family members. While the amount is a fixed minimum level, provinces are free to pay more or create additional benefits (Al-linger 2010). Nevertheless, benefits under the new system remain below the Austrian poverty line for single persons, amounting to 893 Euro in 2008 (Schenk 2008).

Labor market and labor market policy

Employment has increased steadily since 1990, with a sharp rise in the number of foreign workers from 217,000 in 1990 to 556,700 in 2013 (WKO 2013, 11). Over the last 20 years, Austria has become an immigration society. Despite the significant increase in the number of employees from 2,873,300 to 3,483,000 (ibid.), unemployment has been rising from 3.3 per cent of the labor force in 1990 (according to the EUROSTAT definition) to 4.9 per cent in 2013 (ibid., 12⁴). Based on the national definition (with a less generous interpretation of ‘being employed’), unemployment has even reached a long-term peak in 2013 – amounting to 7.6 per cent – and is still rising (ibid.). With one of the highest employment rates (72.1 per cent in 2011) in the European Union (topped only by the Netherlands, Denmark, Sweden and Germany), Austria has also been the country with the lowest (4.2 per cent in 2011) or one of the lowest unemployment rates (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012b). Female labor market participation (with 67.3 per cent in 2012) is high when compared with the EU average (58.6 per cent in 2012). It is higher than in most conservative welfare states (see the Table in Annex 1 for a comparison with Belgium), even if it is still much lower than male participation in the labor market with 77.8 per cent (see Table in Annex 1; also Österle/Heitzmann 2009, 34).

The Austrian labour market was a typical example of the male-breadwinner model (Mayrhuber 2015; Pernicka/Stadler 2015). Full employment meant the full integration of all adult, male persons with an Austrian passport. They are the traditional insider in Austrian labour market policy, well represented by the trade unions and with their interests broadly recognized as legitimate. New-comers to the labour market have had severe difficulties of getting their right to decent work acknowledged by the Austrian society. Two large groups have been confronted with severe structural barriers over the last decades: women and immigrants (as well as certain youngsters with a migratory family background who were born in Austria). In fact, both groups are internally very heterogeneous. With respect to poverty, it is necessary to take country of origin into account as social exclusion affects not all immigrant groups in the same way but along lines of ethnicity, language, culture and religion. While over the last years the largest migration flow has been from Germany, the group most affected by social exclusion are Turkish immigrants.

Firstly, there has been a substantial rise in female employment of more than 10 percentage points (1994-2013) (Mader et al. 2015: 300), thereby overcoming the traditional male-breadwinner model. The new family model, however, is characterized by male full employment and female part time employment. While female full time employment has decreased from 1,97

⁴ Kindly note that numbers in the Table in Annex 1 use another reference year than 1990.

mio. (2004) to 1,88 mio. (2013), female part time employment has increased from 0,59 (2004) to 0,81 mio. (2013) (Pernicka/Stadler 2015: 268). Quantitative improvements have not been accompanied by qualitative changes: The difference between male and female in hourly gross wages is the second largest in the EU (23%). While the low income sector is comparably small in Austria (15%), women (24,8%) are affected much more heavily than men (8,2%) (Mader et al. 2015: 302).

Secondly, Austria has one of the highest shares of foreign-born residents of this age group (17%) within all OECD countries (see Krause/ Liebig 2011). Half of this group is from other highly developed OECD member states with little problems of employability. Among the rest, especially women from lower-income countries confront serious challenges on the labor market (see section on Belgium for comparative data). The access problems have several causes. While these women often lack sufficient levels of education, there is also a reluctance of formal recognition of qualifications achieved outside Austria. As formal qualifications are an important access criterion for many jobs in Austria, the number of immigrants working below the level of their formal qualification is among the highest in all OECD countries. Although there have been initiatives to reduce these barriers, there is still a lack of coordination of relevant policies on national level (ibid.).

With regard to unemployment benefits, the majority of employees in Austria are covered by compulsory unemployment insurance (see Annex 1). Only employees with incomes of less than EUR 376.26 a month (2012 level), civil servants with an old-established contract and most self-employed are not in the system, although the self-employed may opt in on a voluntary basis. When the limited period of the payment of unemployment benefits is finished, job-seekers can be expected to accept even low-wage jobs (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 52f).

Average Monthly Benefits under Unemployment Insurance, 2011 in EUR

	men	Women	Total
unemployment benefit	909	752	843
unemployment assistance	725	609	678

Source: Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 54

With respect to the governance structure, the Public Employment Service (“AMS – Arbeitsmarktservice”) is the key institution in Austrian labor market policies. It was set up in 1994 as a service agency under public law, working in close cooperation with the Chamber of Commerce and the Chamber of Labor. It is the leading provider of labor-market related services in Austria. It matches candidates with job openings and assists jobseekers and companies who need advice, information, qualification opportunities and financial assistance. It is structured into one federal, nine regional and 101 local organizations (<http://www.ams.at/en/public-employment-service-austria-ams/about-ams>). It belongs to the portfolio of the Minister of Labor, Social Affairs and Consumer Protection and is responsible for active and passive labor market policy. It provides qualified workers for the labor market or self-employment and it should ensure that all persons looking for a job in Austria are able to find one. It is therefore responsible for taking actions for the placement of workers, for eliminating obstacles to the placement (e.g. by increasing transparency on the labor market), for saving jobs if it is in the interest of active labor market policy and providing unemployment benefits. To combine active and passive labor market instruments in one institution should prioritize activation over mere insurance and assistance. AMS staff can check whether clients attend trainings and are actively trying to get a job and can impose sanctions, too. With regard to the funding of activating instruments, the highest share by far is spent on educational and training measures (82.1 per

cent of all persons), while 17.4 per cent directly benefit from employment pro-motion in the form of integration subsidies, socio-economic enterprises and community work pro-jects. Moreover, there is support by means of advice, child care benefits and assisted business start-ups. In total, the share of AMS' budget spent on active and activating labor market policies has risen by more than 12 percentage points since 2002 to 34% in 2012 (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012b).

Socio-economic enterprises and community work projects have been established in the early 1980s as innovative instruments of active labor market policy (see Lechner et al. 2000, BMASK 2012).

“The social democrat Alfred Dallinger, Minister of Social Affairs from 1980 to 1989, was crucial in this process. Social innovation remained, to a great extent, dependent on the strategies and power of a broad range of reform-oriented individuals. Nonetheless, Dallinger took important legislative steps to implement structural incentives for social innovation. An amendment was enacted in 1983 in order to foster the development of small-scale socially innovative experiments in the field of social economy and similar legislative initiatives followed” (Novy et al. 2009).

Community work projects support temporary employment opportunities for the (re-)integration of unemployed persons difficult to place, especially long-term unemployed, older or handicapped persons, but also for other groups if innovative fields of activity were established. They are organized as individualized subsidies for taking up jobs with regular employers, mostly in the fields of green space cultivation, shipping, cleaning services, transport and house moving, junk goods, metal and wood processing, domestic services as well as nonprofit personnel leasing (BMASK 2012, 50). Community work projects show a relatively strong regional concentration, with almost half of the cases being supported in the province of Styria. From 2001 to 2010, between 3,517 and 7,153 persons were supported per year, with durations ranging from 131 to 220 days (on average) (ibid., 53). In contrast to community work projects, socio-economic enterprises are organized as autonomous enterprises that need to generate at least 20% of their budget from own income. They provide temporary jobs for largely the same target group as community work projects and are active in the same fields of activity, but also in renovation, the hospitality industry and textiles and pottery processing (ibid., 37). At the beginning of the century, the number of new cases per year has been steadily increasing from 5,571 in 2001 to 20,474 in 2010, with the length of individual participation (on average) varying between 76 and 180 days. In contrast to community work projects, socio-economic enterprises are strongly concentrated in the capital – almost three quarters are in Vienna (ibid., 41).

Housing policy

Housing promotion as well as rent subsidies have become a policy domain of the provinces two decades ago. But subsidized new construction by the provinces remains dependent on financial resources collected and distributed by the federal state. The legal framework for rent setting is defined on the national level with a minor space for regional fine-tuning. Rent subsidies still exist, but for poor and at-risk of poverty households it has been integrated into the comprehensive “needs-oriented basic security” which is executed at the regional level (Allinger 2010)⁵.

⁵ Regulations differ from region to region. In all cases, however, there exists a complex system of subsidy deductions due to total income and benefits levels. Cf. the specific case of Vienna: <http://www.wien.gv.at/wohnen/wohnbauforderung/ahs-info/wohnbeihilfe/antragsberechtigzte.html> (accessed June 11th, 2015)

In contrast to dual rental markets such as Belgium and Italy (see annex 1), Austria has a unitary rental market (Kemeny, 1995), i.e. social and public housing is not exclusively provided to the lowest income strata as in dual rental markets (Streimelweger, 2014). Within countries with a unitary market, the share of social rental dwellings in Austria is among the highest in Europe, being exceeded only by the Netherlands (see table below). In contrast to the Netherlands, however, this share has been even increasing (see Table 1) and the conservative Dutch government has since aligned its housing policy with the market-oriented and more targeted approach. The European Commission's preference for dual housing markets, or a more residual and targeted approach (Mundt and Amann, 2010), has also affected Sweden's policy since 2011. Today, Austria's large social housing stock is increasingly unique in EU comparison (Streimelweger, 2014). Besides the municipal housing sector, the limited-profit housing sector with about 200 housing co-operatives and housing companies can still be regarded a key sector of affordable housing provision in Austria. While home ownership is by far the most important form of tenure in rural areas (and therefore accounts for 61 per cent of accommodations in Austria altogether, see Table in Annex 1), rental tenure and the social sector dominate in the major cities and especially the capital. In Vienna, one quarter of flats belongs to the municipality and another 13 per cent to the limited-profit sector (Stadt Wien – Wiener Wohnen 2013), while their share is even higher when only permanent residences are taken into account (one third owned by the municipality, one quarter by limited-profit housing associations, see MA 24 2012, 171).

Social rental dwellings as % of total dwelling (TS) / total rental dwelling stock (RS) 2000 and 2008

	2000		2008		2012
	% of TS	% of RS	% of TS	% of RS	% of TS
Austria	23	52	23	59	22
Denmark	19	43	19	51	
Netherlands	36	75	32	75	
Sweden	19	48	17	46	17,5

Source: Ministry of the Interior and Kingdom Relations 2010, 67; Table in Annex 1

The institutional framework of rental housing in Austria is quite complex. The market for rent objects consists of several different segments – i.e. the municipal housing sector, the limited-profit housing and the private sector – with sector-specific rent setting regulations. Moreover, the private sector is divided into two sub-sectors for which different regulations apply (roughly speaking, de-pending on whether they were built before or after World War II). Rents can be freely set only in buildings that do neither belong to the public or limited-profit sphere and that have been built without residential building subsidies after World War II. It is this segment where rents increase sharply when the market is getting tight. Despite cuts that had been effectuated in the last two decades, there are still strong public incentives for new construction, especially when compared with other European countries and (Mundt and Amann 2010). From 1996 onwards, the federal contribution to housing issues has been fixed at 1.78 bn. Euro in current prices (and thus started to decline in real terms). Furthermore, earmarking for housing was abandoned in 2008 (together with the earmarking of repaid subsidy loans). Nonetheless, despite an increasing share being spent on rent subsidies and renovation, a high percentage of new housing construction is still financed with public support in the form of object subsidies (and thus subject to rent/price moderation). With a number of building permits of 5.1 per 1,000 inhabitants, the level of new construction is still well above the European average of 3.5 permits per 1,000 inhabitants (Amann, Springler and Wagner 2011). Object subsidies, thereby, have a price moderating effect by increasing the offer on the rental market.

The financial economic crisis of 2008 changed the pattern. House prices started to soar in Austria from 2007 onwards and outdid all other Euro member states. The increase was especially pronounced in Vienna and for resold flats, most likely not only due to the shortage on the housing market but also as a consequence of relatively risk-averse investment strategies as a response to the financial turmoil of 2008 (Schneider 2014). Between 2000 and 2011, rents were increasing by 37.7 per cent in Austria and thus much more strongly than in the Euro area as a whole with only 22 per cent (Kunnert and Baumgartner 2012, 86-87). The generous access criteria to the municipal and limited-profit sector leads to small turnover of used flats in this market segment. Households that are entering the housing market for the first time or need to move are, therefore, often dependent on accommodation in the profit-oriented market where price increases have been more pronounced. Liberalization of rent regulation in the 1990s has resulted in an increasing number of temporary contracts. Although the respective law defines significant discounts for temporary contracts, empirical data show that rents in limited-term contracts are even higher on average (ibid., 2012, 82)⁶. Furthermore, rent subsidies have been decentralized as well, resulting in nine different legislations.

Education policy

The Austrian educational system is heavily influenced by the corporatist and conservative welfare regime which aims at reproduction of the social structure and at maintaining status. The educational system is dominated by the public sector, socio-economically stratified and segmented along lines of professional groups. De facto, this has resulted in a strong “hereditary” educational system which reproduces educational differences intergenerationally. Only 6% of children of parents with low educational achievements get a university degree, while 54% of children with graduated parents get a university degree (Altzinger et al. 2015: 363).

The family remains a key pillar of the educational system. The culturally conservative understanding that the full-time presence of mothers is a blessing for small children has influenced policy making for long. Historically, there has been more cash support for families than the provision of child care facilities. While parents are free to send their children to nursery school (“Kindergarten”) up to the age of five, attending nursery school has recently become mandatory at the age of five. This policy has been framed within the problems related to cultural integration and the lack of language skills of immigrants. It is assumed that attending the kindergarten will enable all children to have a sufficient knowledge of German before entering school. Regular schooling starts at the age of six and is compulsory for nine years. In the first four years, children attend primary schools (“Volksschule”) in which all children of an age group are taught together. Only children with special educational needs may attend a special needs school (“Sonderschule”) from the age of six to 14. Besides handicapped children, this school absorbs pupils with lacking language skills in German.

The first major differentiation in the Austrian school system starts after the 4th year, approximately age 10. Children, in fact the parents of the children together with the primary school teacher, have to decide whether the pupils attend a lower secondary school (“Hauptschule”) or a secondary academic school (“Allgemeinbildende höhere Schule – AHS”) – and which AHS. Immigrants and pupils from a disadvantaged socio-economic background tend to go disproportionately to the Hauptschule.

⁶ As a consequence, in Vienna, the governing social democrats and Greens have proposed to restart building 1.000 small subsidized flats for low-income residents per year (<http://derstandard.at/2000012190062/SPOe-Klausur-Wien-verzichtet-2015-und-2016-auf-Gebuehrenehoehungen>, accessed 15/02/27).

From the ninth year onwards, students can choose between different types of intermediate or higher schools with thematic priorities on professional or general education (see Weiß and Tritscher-Archan 2011 for a slightly more detailed description of the education system). Although it is in principle possible to continue school in the upper circle of the secondary academic school (AHS) after having completed the lower secondary school (“Hauptschule”) at the age of 14, this is not very likely. Empirical data show relatively strong correlation between household income and educational careers of children (e.g. Schenk 2008).

In order to avoid the negative consequences of too early differentiation for children from rather uneducated or poor family backgrounds, a new school type – the pilot project ‘new secondary school’ (“Neue Mittelschule”) – was introduced in 2008 and should be mainstreamed in the coming years. There is a broad consensus among experts, that this would improve equal opportunities, especially favouring migrants of lower socio-economic status, a group for which the adverse impacts of early differentiation has been widely discussed (e.g. Baysu and de Valk 2012). There is, however, huge resistance to policy reforms that have been suggested by OECD and educational experts for long. The fear is that integrating school systems would undermine “opportunity hoarding” via cultural and social capital building (Wright 2009: 112) for middle class pupils who attend the higher quality secondary schools (AHS). Social mobility via educational merits has been a key strategy of the middle classes to sustain its socio-economic status. Furthermore, integrating the school system has implications for the teacher’s salaries. It could imply cuts in salaries for the currently better paid teachers or result in additional cost of homogenizing salaries, careers and school infra-structure. In times of austerity, secondary teacher’s fears are not unfounded; while additional spending is unrealistic under the current austerity regime.

Results of the international PISA comparisons have affirmed this uneven structure. 26% per cent of the pupils age 15 and 16 do not dispose of basic educational skills (OECD: 29%). While results in mathematics are above OECD-average, results in reading competences are below the average (BIFIE 201). Three structural factors influence individual success significantly: family background and especially the socioeconomic status of the family. With respect to family background as a segregating element, educational background of the parents leads to 25% different results in PISA tests; positioning Austria as a mean country (Altzinger et al. 2015: 363). Furthermore, there are big differences in educational achievements between children of native Austrian and those of foreign de-scent (see OECD 2010 and the Table in Annex 1), which are also reflected in career opportunities afterwards (see Krause and Liebig 2011); especially higher rates of unemployment of young adults of non-Austrian descent in comparison to native Austrians, i.e. roughly 17 vs. 8 per cent (Mayrhuber, Bock-Schapelwein and Rückert 2012, 34).

When compared with other OECD countries, Austria “spends considerably more per student per year than the OECD average in primary and secondary education” (OECD 2013, 3). Classes are also smaller than in the OECD on average. Moreover, not only in the field of primary and secondary education but also in tertiary education the share of private households’ expenditure is significantly below the OECD average (ibid., 3-4). Despite well-established private institutions, the education system is still clearly dominated by public institutions that – apart from tertiary education – do not charge fees whatsoever (even nursery schools are free in some provinces). The differentiation between high-quality private and low-quality public schools hardly exists. However, due to free tertiary education, the better educated and well off benefit disproportionately.

2.1.2 Vertical governance system

The vertical governance system in Austrian welfare provision reflects the constitutionally defined system of statehood. Despite the exclusive legislative competence of the federal level for taxation, the nine provinces also take some responsibility for legislation and – together with the municipalities – all state levels contribute to the funding and provision of services. As taxation rights are centralized, though, a tax equalization act (Finanzausgleichsgesetz) that is negotiated between the federation, provinces and municipalities, needs to make sure that all levels are sufficiently endowed with financial resources to provide their respective services and infrastructure.

“Overall, the Austrian system of social security is characterized by a mix of centralized and decentralized elements, most of them (social insurance and universal benefits) coming under the remit of the central government. The regional entities (Laender, local and municipal government) are responsible for part of health care, housing, most of the social services, childcare facilities and the means-tested minimum income scheme”⁷ (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 9).

Organisation Chart of Austrian Social Insurance Institutions

Main Association of Austrian Social Security Organisations			
Work Accident Insurance	Health Insurance		Pension Insurance
General work accident insurance institution	9 regional health insurance funds	6 company sickness funds	Pension insurance institution
	Social insurance institution for the self-employed in trade and business		
Social insurance institution for farmers			
Statutory insurance institution for railway and mining workers			
Statutory insurance institution for public-service employees			Statutory insurance institution for Austrian notaries

Source: Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 13

The governance of education is very complex. In principle, education is a central responsibility, but systemic changes like the introduction of new types of school need a qualified parliamentary majority. Personnel and maintenance of buildings of primary and lower secondary schooling are provincial competences. Nursery schooling is almost the sole responsibility of the provinces, although the framework and strategic aspects for all types of education have to be negotiated with the federal level. The local level only plays a minor role in the field of education. Nonetheless, even the sharing of responsibilities between national and provincial level causes substantial frictions which become clearly visible when some aspects of the system should be modified. This complexity is a key hindrance for social innovations and has resulted in profound inertia, due to fundamentally diverging interests of key stakeholder. Especially the conservative teacher's union, sections of middleclass parents, parts of the conservative parties and some regional governments block all re-forms. Social-democrats, the Greens, educational experts, main segments of employers and employees associations and some regional governments are pushing for reforms.

⁷ In this quote, local means municipal.

As Austrian “Länder” and municipalities are in particular responsible for the provision of social services, there is a certain degree of differentiation in the quality and quantity of available services as well as the specific governance of service delivery (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 16f). Housing promotion was decentralized more than two decades ago and is in principle a policy domain of the provinces nowadays, although a high share of subsidized new construction is still dependent on financial resources that are collected and distributed by the federal state. Moreover, the legal framework for rent setting is defined on the national level.

Another policy field where a reallocation – but in fact a centralization just as in the case of social assistance (see above) – has been effectuated in the last two decades is care. Due to the constantly increasing number of elderly, the provinces not only agreed to establish minimum standards for care services. In 2012, the legislative competence for care services was completely centralized on federal level (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 72).

2.1.3 Horizontal governance system

The Austrian welfare regime is conservative, which means that the key entitlement to social services is via the labour market and its key pillar remains the family (Mayrhuber 2015). It is corporatist, as civil society organisations, especially Church institutions, have been key provider of welfare services (Leichsenring 2001, 32). This has reproduced a gender division of labor and a specific mix in private-public service provisioning. With respect to the gender division of labour, the male bread winner model has been substituted by a model of a full employed male and a part time employed female household member. The uneven access to the labour market is more than compensated by an uneven distribution of care work. In Austria, approximately 186,5 mio. hours are unpaid work (51%), while 182,4 mio. hours are paid work (49%). Two thirds of unpaid work are done by women, especially care activities and home work (Mader et al. 2015: 303). Men do more unpaid work only in two activities: garden work and playing with children (Mader et al. 2015: 305). The focus on cash benefits has reinforced this division of labour. As care-related cash benefits – at least in the past – were not sufficient to cover all care-related expenditures, women often found themselves with a double burden of participating in the labor market and also taking responsibility for the care of their relatives (Österle and Heitzmann 2009, 33).

In the provision of tax-financed and state-regulated social services, the public sector is in particular responsible for childcare, homes for the elderly and nursing homes (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012, 16). Social services are offered in a specific welfare mix: in 2001, 47,5% was employed in the non-profit sector, 42,5% in the public sector and approx. 10% in the profit sector (Schneider/Trukeschitz. Cited in Heitzmann et al. 2015: 121). Over the last years, however, EU regulations and policies have implemented quasi-markets in social services, thereby privileging low-wage for-profit organisations. In two policy fields, the shift to the for-profit sector has been most pronounced: in elderly care and asylum seekers. With respect to elderly care, there have been two important changes. First, public elderly care centers have been reduced dramatically (from 76% in 1987 to 47% in 2010), while the share of the for-profit sector has risen (from 2% in 1987 to 19% in 2010) (Heitzmann et al. 2015: 121). Furthermore, the legalisation of so-called “24-hours care” – around the clock care by migrant women from neighboring countries, especially Slovakia and Romania – is totally organized by the for-profit sector. Currently 42.000 women are employed, nearly as much as in the rest of the elderly care sector (Heitzmann et al. 2015: 128). These “self-employed” -women

– who are in general connected via special for-profit agencies - live in the middle and upper-class households in a rotation scheme which allows them to regularly re-turn home to their family.

A key player in the welfare mix are private NPOs (non-profit-organisations), such as the church related “Caritas” or “Volkshilfe” and “Hilfswerk” with stronger links to party-politics. They are mostly working in the fields of health and social services for minorities or socially excluded groups (such as for homeless people, asylum seekers or drug addicts) – although they are also active in all other fields of social service delivery (see Schneider and Haider 2009). The share of non-state service provision has been on the rise. From 2000 to 2010, there has been an increase of 93 per cent in NPO-operated kindergartens and of 76 per cent in other NPO-operated service providers in the social domain (see Simsa and Schober 2012). NPOs are not only service providers, but also advocates for disadvantaged and excluded groups, like refugees or homeless. This sometimes leads to tensions with public bodies, especially in the field of asylum seekers where NPOs argue in favor of a stronger human rights-based approach, while public authorities tend to limit migration and expenses.

EU-regulation has strongly favoured the creation of quasi-markets in social policy which has privileged for-profit organisations. Tender procedures have been introduced in certain policy fields which does not take the multi-dimensionality of social exclusion into account. Therefore, low-cost providers with a managerial approach have been privileged and pressure on wages and work intensity has increased. This has disproportionately affected women who represent 75% of the work-force (Heitzmann et al. 2015: 122-123). Furthermore, the number of profit-oriented companies with no advocacy activities has been steadily increasing – even if their share is still rather low (see Österle/ Heitzmann 2009, 33ff). A sector that is increasingly controlled by profit-driven companies is the provision of shelter and services for asylum seekers, as they gained some public tender due to their lowest costs offer.

Besides quantitative changes, there have also been qualitative changes in the system of service delivery. In the case of services for handicapped or homeless people, big institutional shelters were closed in order to improve integration of these target groups in regular accommodation, the labor market and the regular education system. Moreover, preventive approaches such as consultation and mediation in cases of eviction and indebtedness are becoming more and more important. However, they are often limited to pilot projects, lacking potential of continuing funding afterwards. As new initiatives, in particular those aimed at supporting social inclusion, are often linked to programs and projects of the European Union, this may create a gap between local good practice and the nation-wide application of successful models (see Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 9, Österle/ Heitzmann 2009, 41f). In our case studies on socially innovative initiatives, EU-projects were not taken up by national programs. In some cases, they have been taken up by local authorities (eg. ERfA).

The public social insurance system has remained the key pillar of social security. Although the principle of self-administration has often been put into question (Unger and Heitzmann 2003), the public self-management of the public pension system is still a fundamental element of the Austrian welfare system. Since the beginning of the 2000s, private and company pension plans have received substantial public support via tax-deduction schemes.

Social partnership is still a core feature of industrial relations in Austria. It consists of three to five major organizations, in which all persons who are working for cash are organized. The three Chambers are constitutionally guaranteed: the Austrian Chamber of Labor (“Arbeiterkammer”), the Austrian Chamber of Commerce (“Wirtschaftskammer Österreich”) and the Austrian Chamber of Agriculture (“Landwirtschaftskammer”). Two organisations are constituted by

private law: the Austrian Federation of Trade Unions (“Österreichischer Gewerkschaftsbund” - ÖGB) and the Federation of Austrian Industry (“Industriellenvereinigung” - IV) an effective representation of big, multinational industry. Trade Unions and IV are private associations with voluntary membership.

The three Chambers are statutory institutions and represented on national and provincial level. All persons working in the Austrian economy have to pay contributions to their respective Chambers (which in the case of employees are deducted from salaries) Due to the statutory position of the Chambers and the high membership in the unions, social partnership has preserved its power with regard to policy-making and securing social peace and cohesion. There is a long history of bargaining, avoiding strikes and industrial actions. This renewed great coalition government of social democrats and Christian democrats renewed its importance since 2007.

“The social partners are consulted before social legislation measures are taken, in particular before they are taken at central government level. They try to find consensus-based solutions, which frequently prepare the ground for law-making. The governing bodies of the social insurance institutions, the public employment service and other entities are composed either in their entirety or in great part by representatives of social partner organizations. Experts (not only those working in social partner organizations) are increasingly being involved in the activities of reform commissions and other bodies to help prepare decision-making and implementation processes” (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 9).

To give an example of the key role of social partners, the Public Employment Service (AMS) has been created as a special entity under control of the Federal Ministry of Labor and Social Affairs (with changing names) in the early 1990s. But it is organized in one federal, nine provincial and 101 local organizations in which social partners are involved on all levels in strategy development, the organization of labor market policies and the control of service delivery.

Labor relations and pay structures are designed by social partnership on supra- and intra-company level. The most important feature of collective bargaining agreements in the Austrian system is that they are usually concluded on sectoral level and therefore applicable for all companies within a branch of industry. These agreements are, in general, negotiated by social partners, in part the same institutions which are also in charge of labor market policies via the AMS. Collective bargaining agreements not only define (minimum) wages and salaries but also working conditions such as wage supplements and periods of notice for the termination of work. They are valid for all employees of an industry, branch or sector and are therefore independent from individual union membership. By creating uniform work standards and payment, collective agreements significantly influence the competitive framework for Austrian companies (Federal Ministry of Labour, Social Affairs and Consumer Protection 2012a, 84). In addition, the Austrian welfare system requires employers to take over responsibility for their employees in order to compensate for social risks (such as paid leave for the care of dependent children). As compensation, however, they are strongly involved in relevant decision-making processes via the participation in social partnership structures, like the AMS.

2.1.4 Governance challenges in Austrian welfare system

Based on literature studies and expert seminars the ImPROvE social innovation team identified eight governance challenges (see annex 2 for summary). These challenges express preliminarily hypotheses which will be modified during empirical research, especially the case study analyses.

Drawing on the discussion above and first, very preliminary findings of the Austrian case study re-search, the elaborated hypotheses can – with respect to the Austrian welfare regime - be specified and modified. However, we alert to the preliminary status of the exposed reflection.

#1 Mainstreaming

The mainstreaming potential of social innovations seems to be strongly dependent on the policy or sector under consideration and the form of involvement of the state. While it seems high in policy areas with regular program financing in which the state has a strong stake, mainstreaming is much less likely when initiatives are entering a new field that has not been a public responsibility yet. This seems to be even more pronounced in fields where specific groups that have hitherto been out-siders to the system, such as immigrants, are involved. Whereas in the first case, mainstreaming ambitions may be negotiated with all key actors involved and strongly coordinated by the state, in the second case negotiated solutions seem less likely. In all cases, however, the support of key actors within the politico-administrative system who are convinced of the relevance of the innovation seems to be a key factor for mainstreaming. In some cases, the targets of the initiative may even be taken over by institutions of the state itself, thus leading to some form of mainstreaming but leaving behind the original initiators.

#2 Fragmentation of the welfare mix

Fragmentation has been increased by creating “quasi markets” for social services, thereby strengthening for-profit service provider. It seems likely for new initiatives that aim at serving the interests of marginalized groups, i.e. groups whose interests are not well articulated in the political arena and are implemented on a project basis drawing on diverse sources of funding. This fragmentation is not only driven by competition for funding which tends to favour low-cost provider, but also by a competition for the best approach. Co-ordination by the state is rather unlikely in the first stage of these initiatives when only project funding is made available on an ad hoc basis and public responsibility for the service is still undefined. Moreover, due to the competitive environment chances are low that collective and political forms of representation are quickly created.

In contrast, when the innovation is less about introducing new services – often a bottom-up issue and in favour of a narrowly defined target group – than about modifying and stabilizing existing ones or reorganising the field based on consensus, public co-ordination is likely and the initiative for innovation may even contribute to increasing coherence and reduce fragmentation in the field. In the case of innovations that are in a core field of public interest, thus, fragmentation still seems rather unlikely.

#3 Participatory governance style

The aim of involving and empowering the target group – understood as individual capacity building and participation – seems to be standard in social innovation initiatives in Austria. Austrian social innovations seem to contribute to a participatory governance style within the respective projects and programs, as they foster this type of individual empowerment. They can be seen as innovations in public service provisioning.

However, empowerment is, in general, not perceived as collective and political organisation. There hardly exist effective forms of organisation of unemployed, homeless or immigrants. Disadvantaged groups are seen as target groups and clients dealt with by professionals who, in general, come from the middle-class and mainstream society. Disadvantaged groups are often seen as requiring trusteeship, that means support of individuals or organisations with more resources in terms of social, cultural and economic capital. Participation and empowerment are mostly under-stood as interlinked strategies, meaning that especially clients from a weak socio-

economic back-ground or with little access to the hegemonic culture first need to be empowered before they can also be involved in more collective forms of political representation.

With regard to the relations between initiatives and the state, participation is largely context-dependent (see also challenge #1 and #2). In some cases, there are established local or regional governance systems with strong participative capacities. In other cases, there are well established links between initiatives and the national level while the local or regional level is rather absent, even if there is a legal requirement of having all state levels and civil society involved in the development of policies such as in the case of the Austrian Roma strategy.

#4 Equality and diversity

In the 20th century, especially after World War II, the Austrian welfare regime has been effective in improving the equal access of citizens to social services and employment. This has been achieved with an effective strategy of homogenising and assimilation. In the case of Vienna, the end of authoritarian state socialism, migration as well as cultural diversity increased after 1989 – going hand in hand with increasing social inequality (Novy 2010).

Just like in the Belgian case, the Austrian welfare state seems to be rather slow in recognizing new forms of diversity. This is a consequence of the highly coordinated, homogenizing collective interest representation in the Austrian welfare system that often protects the interests of insiders (especially male full employed persons with an Austrian passport) to the detriment of groups that have a weaker position in society (especially women and immigrants). Moreover, immigrants who do not hold the Austrian citizenship (yet) also lack representation in Austrian party politics and may even be made scapegoats in campaigns of right-wing populists. Over the last years, the anti-foreigner discourse of right-wing politicians has become more specific: the anti-poor discourse is linked to poverty migration and begging which is related to Roma discrimination; the anti-Islam discourse is a result of the assimilationist interpretation of cultural integration.

Although many NGOs and small associations raise their voices for the interests of marginalized groups, in many cases their success seems to be dependent on supportive representatives from more established institutions, often civil servants, politicians, Church representatives or public celebrities. This form of support based on trusteeship and advocacy, however, seems to be fragile. When responsibilities or political majorities are changing, even projects with much evidence of success and relevance may end up finding themselves with no further funding.

Often, specific needs and target groups are represented by NPOs and associations, such as the Roma population living in Austria or even just some minor ethnic groups among them. Welfare policy makers often argue against culturalizing social policies. According to this universalist perspective, measures should not be targeted on certain ethnicities but fighting poverty and social exclusion at the roots and for all, thus supposedly preventing that the equality dimension of the welfare state is being undermined. This perspective overlooks the need for context-sensitive solutions to tackle socio-cultural exclusion, poverty and inequality.

#5 Uneven access

There is, at least in the short run, a tension between the principle of universal access and the social innovation idea of experimentation and tailoring models to the local context. Uneven access to services is, thus, especially likely in the case of short-term project funding strategies and in the case of policies that are in the responsibility of the state or municipal level.

Large NPOs, third sector and umbrella organizations may play an important role in stimulating processes of standardization, which limits the risk of uneven access to a certain extent. They also show the capacity to forge solidarity and exchange between similar service providing

organisations in different localities. Moreover, uneven access is less of an issue when innovations are more about changing systems, such as in the case of implementing new school types or forms of service provisioning (eg. Housing First).

#6 Avoiding responsibility

As mentioned before, state retrenchment has been moderate in quantitative terms, but there is increasing pressure due to austerity policies to dis-engage with universal provision of services at good quality. The room to manoeuvre with regard to funding new policies or enlarging existing ones is relatively small. Especially in the case of marginalized groups it is often dependent on additional resources which may only be made available by EU funds. There is a tendency to foster the insider-outsider problem and to strengthen the conservative elements of the welfare regime, in-stead of tackling new needs and taking up new responsibilities. Accepting additional responsibility and therefore also making additional (national or regional) funding available seems to be less of an issue when broader groups of the population benefit, such as in the case of offering kindergarten for free.

#7 Intra-organisational tensions

Factors that might determine the form of intra-organizational tensions are the size and standing of the respective organization. The stronger the separation of tasks and the more differentiation between professional groups, the more likely might also be conflicts that derive from social innovations; however, in the case of large and well-established organisations also more resources should be available to deal with these issues. As a more general observation, the likeliness of tensions and conflicts should also depend on the acting subjects and the relations between them, i.e. whether there are strong hierarchies and status differences involved and how they are dealt with.

#8 Enabling legal framework

With regard to the support of innovation by the legal framework, there is a tension between room for flexible solutions and more standardized or regulated settings. On the one hand, a flexible framework may enable innovation but could undermine the quality of services. On the other hand, especially when it comes to labour market regulations, access criteria to certain professions in many cases undermine the implementation of innovations or create a stratification of work and pay conditions that are often difficult to justify when only qualification should make the difference. To give an example, many highly qualified immigrants living in Austria confront barriers in taking up an adequate occupation in the education system. In contrast to many other countries, the relationship between the state and service providers is still rather based on negotiation and trust than on open tender procedures.

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2.2.1 The Italian welfare model

Literature considers the Italian welfare system as representative of the so-called Mediterranean or Southern model, together with Spain, Portugal and Greece (Ferrera 1996; Andreotti et al. 2001). It is also defined as familistic as strongly based on families' responsibility for individuals' living standards. The prevailing of cash transfers over in kind services, which allow women to have a paid job in the market, is still inspired by a very conservative view of the family model with a traditional male breadwinner and a female focusing on unpaid family care.

As in other European Countries, demographic, social, cultural and economic changes have influenced family models and labour market organization, transforming social risks' configuration. With-in welfare re-calibration trends, the Italian welfare system has not been able to meet the needs produced by these changes (Ranci 2010).

Considering data from 1990 to 2012, the male breadwinner family model, on which the welfare system is based, has changed, at least partially: while the divorce rate is relatively stable (from 0.6 to 0.9), births out of wedlock have strongly increased from 6.5% to 24.5% and single parents have raised from 2 to 3.3%, which is below the EU average (see annex 1). Men's employment rates decreased from 69.3 to 66.5% while women's increased from 35.8 to 47.1% , still much

below the 60% Lisbon threshold (see annex 1). The job market has changed too during this period: temporary employees increased from 7.2 to 13.8% (the average in EU is 13.7%) and from 18.7 to 52.9% (EU 27 average is 42.1%) for youngsters (15-29 years old) (see annex 1).

Social security is based on a categorical/corporatist logic, aimed at preserving citizens' status based on the professional group they belong to. The traditional and strongest categories, effectively represented by political parties and trade unions, have resisted the attempts of reorganising welfare provisions, while new and underrepresented categories have heavily paid the costs of the economic crisis, reduction of public expenditure and liberalization of labour market.

The result is a misalignment between the setting of social protection and the configuration of social risks (Kazepov, 2009; Ranci 2010). The result is a stratification in welfare provision among insiders (public workers or permanent workers in companies with more than 15 employees), semi-insiders (dependent workers of small companies) and outsiders (self-employed workers and temporary workers), excluding the black market. The first group has access to the best protection while working (e.g. in case of illness or maternity), in pension and unemployment. The second has reduced measures in case of unemployment. The third has minimal protection while working, less generous pensions and no effective protection in case of dismissal. The introduction of a national minimum income measure, still lacking in Italy, is not on the political agenda. The last labour market reform (L.92/2012) partially expanded the type of potential beneficiaries of unemployment benefits, but it has not (yet?⁸) demonstrated any remarkable effect on this setting. The share of the unemployed covered by unemployment benefits is less than 26% (see annex 1).

This imbalance, concerning both the mechanisms of access and generosity of social security benefits, undermines the redistributive capacity of the Italian welfare system. Pensions, as the main budgetary item, reproduce not only the inequality among workers. They reproduce on the one hand also disparities between men and women, whose professional careers are more likely to experience interruptions or under employment. On the other hand, a generational imbalance, considering over the 60% of welfare expenditure is for pensions.

The share of expenditure targeted to families and children policies is 4.8% of total expenditure (it is almost the 8% for EU27), 2.9% for unemployment (5.6% for EU27) and only 0.4% finances labour market activation policies (see annex 1). This structure of welfare expenditure generates an under-protection of social risks connected to other phases of the life cycle, such as poverty, unemployment, care needs and housing access. At the same time, it does not provide effective assistance to the elderly, as the main measure targeting them consists only in a partial cash transfer support (Ferrera 2006). The result is that the redistributive capacity rate of the Italian welfare system is 20.5 in 2012, compared to 34.7 average calculated for EU27 (see annex 1).

Recent data on poverty (Istat 2014) highlight persistent problems of geographical unevenness in the Country. In 2012, 12.7% of Italian families are in relative poverty (more than 3 million households) and 6.8% lives in absolute poverty (about 1.700.000). This corresponds to 15.8% of Italians in relative poverty (i.e. about 9.5 million) and 8% in absolute poverty (almost 5 million). From the beginning of the crisis, between 2009 and 2012, the incidence of relative poverty among Italian families increased from 10.8 to 12.7%. If we disentangle this national data, we see that poverty is unequally distributed from the territorial point of view: data shows that in the North of the country 6.2% of the people are in (relative) poverty, while it rises to 7.1% in

⁸ The reform - LN 92/2012 – had to be implemented step by step over the course of some years, but the current government is already discussing a new law

the Centre and 26.2% in the South. The incidence of absolute poverty has increased at the national level from 4.7% to 6.8% but it is 5.5% in the North, 5.1% in the Centre and 9.8% in the South of the Country. From 2007 to 2013, the unemployment rate raised from 6.1% to 12.7%. The situation is worst for young people (15-24 years old), whose unemployment rate is 43.5% (2013).

The welfare system could compensate for this territorial divide through equalization funds. On the contrary, however, a process of devolution of institutional competences not associated to effective strategies of equalization has reinforced the traditional geographical imbalance (to be added to the already described gender and generational imbalances), as will be explained below.

Activation of long-term unemployed

Some of the already-mentioned data on unemployment (See annex 1) highlight the real consequences of the economic crisis more than any data on finance and GDP. The rate of unemployment has increased from 6.5 to 10% from 1990 to 2012 (and it is still growing). The main problems concern the long-term unemployed, who are 53% of the total number of unemployed persons in 2012, and the unemployed young, who represent 35.3% of the 15-24 years old population (in 2013 and 2014 this rate increased dramatically), while the so-called Neet are about 24% of youngsters (15-29 years old). In addition, the quality of jobs has worsened in the last years: as already highlighted, temporary employees have passed from 7.2 in 1990 to 13.8% in 2012 and the data is dramatically higher for young population (52.9%). Furthermore, the worsening unemployment figures have to be seen in the context of a misalignment between the available welfare benefits and the risk of unemployment (as explained above).

Considering the institutional organization in the labour market policy area, after the reform of the Constitutional Law in 2001, the State keeps the coordination functions and the competences over social security measures; Regions have legislative competence (within national indications), programming and coordinating services; Provinces implement regional policies, organise and manage placement services and activation measures⁹. The State and the Regions co-finance public employment services and activation policies.

The European Employment Strategy considers services for employment as crucial tools to prevent and counter unemployment. In Italy, the so-called Employment Centres¹⁰ (CPI) have the task to act as intermediaries between labour market demand and supply and support unemployed citizens through activation measures like (re)training, job searching, and business-planning. Because of uncoordinated decentralization, the range of services they offer, their development and their performance varies according to both socio-political and socio-economic local conditions (Mandrone and Radicchia 2011). In some contexts this might lead to socially innovative practices while in others it might challenge the effectiveness of services and provisions. In general the latter situation prevails. From the 1990s private agencies are also allowed to act as intermediaries between labour demand and supply. However, both public and private agencies are not very effective in assisting the unemployed to find a job: in 2010, only 3.3% found a job through private agencies and recruitment societies and only 3.4% through public employment services (Isfol 2012).

The increasing unemployment and the ineffective protection from poverty, is also related to a growing problem of over-indebtedness (D'Alessio and Lezzi 2013). Italian households are traditionally characterised by a culture of savings: private savings represent a relevant resource for the familistic Italian welfare system, as citizens with economic problems are often supported

⁹ Established by Legislative Decrees 469/97 and 276/2003.

¹⁰ Introduced by the National Law 59/1997 (Bassanini Law) and implemented with the D.Lgs. 469/1997.

by their relatives. However, due to the economic crisis, its duration and the related rising taxes, these re-sources were partly eroded and the over-indebtedness has become an emerging problem (D'Alessio, Lezzi, 2013). In fact, because the Italian protection against unemployment is not universal, only some categories are covered, namely permanent employees of the public sector and of private companies with more than 15 employees. The measures against dismissals have a diversified reach, disadvantaging permanent employees and workers hired in companies under 15 employees. All other workers are excluded (such as “temporary employees”, a growing category, and “self-employed” workers) and this can bear dramatic consequences, even more given the lack of a national minimum income scheme.

Current data show that the share of indebtedness on households’ disposable income is 50% (See annex 1). Italian families are traditionally owners of the houses in which they live (73% of Italian families live in owner-occupied houses, see annex 1), thus they often are indebted because of the mortgage on their house. Households declaring arrears in repaying debt on at least one liability make up 14.9% of total households (see annex 1).

In the last years, the indebtedness’ rates have augmented: +36.5% from 2007 to 2012 (CGIA 2013a). Part of this debt belongs to households who can sustain it, but another part is held by economically weaker families. According to the Bank of Italy’s data (Magri and Pico 2012), in 2010, 5.5% of indebted households had more than 90 days delay in payments. They represent 1.2% of the total households (about 300 thousand).

To face this situation, a recent law allowing debts renegotiation was introduced (Law nr. 3/2012). Considering the criteria established by this law, the over-indebted households were about 160.000, representing 0.6% of the total indebted households and 3% of the total debts. About 68.000 households asked a moratorium for mortgages on their house of residence, because affected by at least one of the following conditions: loss of job, reduction of employment or death of the borrower (Magri and Pico 2012). Even considering the decreasing loans of last years, with rising unemployment and the consequent income reduction, the situation is likely going to worsen in the future (CGIA 2013b).

The public welfare system actually does not provide any measure to address overindebtedness adequately. Private agencies obviously support people who can pay, while poor citizens have no access. Some experimental initiatives are emerging at local level, supported by Third sector organisations and Municipalities. However, lacking mechanisms for assessment and the rolling out of solutions that emerged as best practices, local practices encounter difficulties to be up-scaled.

Education and ethnic-cultural minorities (and support to Roma children)

The Italian education system is a direct competence of the central State. It is a universalistic system, mainly based on public schools. People choosing private (“paritarie”) schools, mainly catholic, contribute to cover their costs. The institutional competences on education policies are mainly centralised at national level, except for a segment of professional training assigned to Regions. Schools are responsible for actions and initiatives addressing learning difficulties and disabilities. Additional supporting teachers (insegnanti di sostegno) are assigned to classes where they are needed. Municipalities, on the basis of their social policy competencies, provide additional support to children with disability, economic or social problems. Their actions and initiatives can be outsourced to social cooperatives, depending on local choices, and often they are.

Improving education is one of EU2020 aims which should be reached by reducing early school leavers to figures under 10% and increasing the share of graduates among of 30-34 years old to at least 40%.

In Italy, the rate of early leavers from education and training has decreased from 25.1 to 17.6 from 1990 to 2012, but it is still very high compared to the EU average (12.8%) (See annex 1). Italy has one of the worst performances in Europe in this field.

The problem of early school leaving is more relevant in the South of Italy. At the regional level, the situation is diversified: Molise Region (in Central Italy) is the only one to have reached the European target, as its Early School Leaving (ESL) indicator is 9.9% in 2012. The worst results are for Sardinia with 25.8%, Sicily with 25% and Campania with 21.8%. The recent trends are also regionally diversified: from 2011 to 2012, in some Regions the ESL indicator has decreased (Molise -3.2%, Lazio and Veneto both -2.7%, and Lombardia -2.0%) while in some others it has increased (Marche 2.7%, Liguria +2.1% and Trentino Alto Adige and Umbria both with +1.9%) (MIUR 2013). The problem of early school leavers involves more often foreign citizens than Italians and, most of all, children born in other Countries. Second generations have less difficulties in speaking Italian and they are supposed to be more socially integrated. In lower secondary school (12-14 years) the risk of drop out concerns 0.49% of students with foreign citizenship and the 0.17% of Italians, while in the upper secondary (14-18 years) it is 2.42% and 1.16% respectively.

PISA¹¹ data from 2009 show that in OECD Countries around 19% of the 15-year-old students (between lower and upper secondary education) lack basic literacy skills (scored below Level 2), while only 24% of students reached a basic reading proficiency (Level 2). In Italy, these data are respectively 21% (slightly above average) and 24% (OECD 2012). PISA reading proficiency data also show the risk of low performance correlates with families' low socio-economic status, gender and immigrant status and low parental education. Data on performances by immigrant status in PISA 2009, show that, in Italy, students without an immigrant background performed 45 points higher than those who were born in the country but whose parents are foreign-born (second-generation) students, which is equivalent to one school year. Furthermore, students without an immigrant background obtained 81 score points more than students who are foreign-born and whose parents are also foreign-born (first-generation) (ibidem, 23).

Concerning specificities of the Roma population, OECD (2012) highlights the dropout rate for these students in Europe is particularly high. In many Countries they face discrimination within the education system, tend to suffer from weaker family support and have more limited access to learning opportunities outside compulsory schooling.

The absence of specific information makes it difficult to say something specific about their pathways in education. However, we can assume their situation to be similar (if not worse) to other non-Italian born children. The Roma population is not recognised by the national Italian legislation as a linguistic minority, formally due to the lack of a clear territorial localisation of their community. This causes some difficulties in promoting measures in favour of their social inclusion: they are entitled to individual rights, as Italian citizens or as citizens from another country, but they do not have group rights as a community. About half of the estimated 130.000 to 150.000 Roma people living in Italy are Italian citizens. Often Roma people living in the Country from many years cannot prove it in order to get Italian citizenship: a relevant part of their communities, in fact, live in camps spread all over the national territory, which are not always legally recognised, even if they are sedentary. Nomadism has practically disappeared.

¹¹ The OECD Programme for International Student Assessment.

Their disadvantage often has not the same compensation guaranteed to other social excluded groups: for example, they cannot be treated as de-taxed workers by social cooperatives (as they are not mentioned by the NL 381/91 regulating this sector) and for schools is difficult to activate linguistic support if they have the Italian citizenship but cannot speak Italian well enough. Many Regions have recognised Roma population as a cultural and linguistic minority in their statutes or regional laws, but the situation remains difficult and voluntary organizations are still the main actors promoting and defending their rights. Furthermore, in the political debate, it is often considered as unpopular to face the issue of Roma poverty and exclusion with social, education, housing and labour measures, and the very concrete risk is that the only provisions aimed at them are formulated in the field of public order and security policies (IREF 2010).

Housing policies

Italian housing policy is traditionally residual and oriented towards home-ownership. Data on housing in Italy show that the great majority of households, 73% in 2012, lives in owner occupied houses. This is a high rate if compared to other EU Countries. The share of privately rented apartments, 14% in 2012, is lower than in other Countries, while only 6% of the households resides in social rental sector, which is exceptionally small by European standards (see Annex 1). Families play a very important role in the social production and reproduction of home ownership: about 30% of Italian households live in owner-occupied dwellings that have been handed down to them in heritage (16.3%), as a gift (3.6%) or that have been self-developed (10.1%) (Baldini and Poggio, 2013).

The main policy instruments are housing plans. Until the early 1990s the main plans were the so called PEEPs (Plans for economic and popular housing), realized by municipalities through the mechanism of expropriation, i.e. the opportunity to buy land via compulsory purchase at substantially lower prices than the market ones. PEEPs and other national and local plans were funded by the state and through dedicated compulsory social security contributions directly withheld from the workers' salary. In the early 1990s these contributions were abolished, expropriations became un-sustainable due to the increasingly weak public finance and social housing entered a long phase of standstill. A great change occurred in the institutional framework of social housing from the early 2000s when, according to the principle of subsidiarity, competences in this area were transferred to the regions and the municipalities, with the latter almost entirely in charge for the management, directly or through special companies. From that moment onwards each region and each municipality has its own housing plan. However, this institutional restructuring did not address the issue of funds: gradually transfers from the state to public housing agencies have been reduced to almost zero and funds from the regions have always been fragmented and occasional.

Another seminal change occurred in the late 2000s, when the Italian social housing system opened to private investments. The 2008 and 2009 housing plans (still in force) established a new system of real estate funds (called SIF) aimed at collecting private and public capital to promote investments in the social housing sector. Unlike the earlier system in which the State funded public housing companies that directly built and managed the houses/flats, now the initiative is public-private: private investors build houses for profit but must dedicate a share of the newly built square metres to social housing¹². The State only co-finances the real estate funds. The SIF system is supposed to work both at national and local level. At national level a Housing Investment Fund (FIA) was established and it has been financed by the State both in 2012 and 2013. At local level regions are supposed to present to the state regional housing

¹² The housing company must guarantee that a share of the square metres built using these funds is earmarked to social housing, but not necessarily in the same building and neighbourhood.

plans to be achieved through the funds collected within the SIF framework. Hitherto the launch of these funds is proceeding very slowly and only few regional funds have been established.

As far as housing allowances are concerned a national scheme, co-funded by the state, the regions and the municipalities, was introduced in 1998. It is directed to low-income households: households with an income lower than the double of the minimum pension (current value of the minimum pension: € 6517.84/year) and households with an income lower than the one established by the region of residence for the access to social housing. In the first case rent must be at least 14% of household income, in the second case for at least 24%. Better conditions are adopted for house-holds in particular need: families with more than 3 children and/or with disabled members and/or with elderlies. However housing allowances traditionally played a very limited role in the Italian housing system: both their coverage (about 5% of tenants) and their compensatory effect are very limited. Furthermore, in 2012 transfers to the beneficiaries have been constrained by the available budget. The result is a growing policy fragmentation, since many municipalities have cancelled the scheme while others continue to finance it without the participation of the state and of the regions. Over the last years, the government also launched two national funds to sustain home-owners and home-buyers. The first one is an extraordinary measure taken during the crisis targeted at low-income households with a mortgage debt lower than 250,000 euros. This measure is turning out to be a very weak one, since the budget is too low and the procedures too slow. The second fund is a structural instrument aimed at supporting access to credit for young middle and low-income couples.

Within this fragmented policy framework and in the absence of stable funds municipalities and occasionally third sector organizations begun to experiment with new forms of social housing at a local level, but their sustainability still depends on the availability of some level of national or regional funding. In particular, the role of the third sector is very weak, because of a weak entrepreneurial capability and a historical delay in being active in the social housing sector that has always been considered a strong public matter

2.2.2 The vertical governance system

In the early 2000s, a new Framework Law on social policies¹³ and a Constitutional reform¹⁴ have completely modified the territorial distribution of competences. According to the principle of subsidiarity, they simultaneously (but not really coherently) aimed at a territorial re-organization (mainly decentralization) and increased social participation, reinforcing the role of private actors and civil society organizations in the creation of a mixed welfare system.

In the new welfare design, Regions become autonomous on matters of social policies, making them become the main actor in this context, acquiring legislative power on all the issues not explicitly attributed to the central state.

The administrative functions have been assigned to Municipalities, organized in “social zones”, identified as the territorial level with the main responsibility for translating regional principles and frameworks into local programs, implementing them and delivering social benefits and provisions.

The National level kept some essential tasks: the general orientation of social policies, the definition of homogeneous criteria (in terms of access, quality, etc.) in order to equalize services

¹³ National Law n.328/2000, Framework Law for the realisation of the integrated systems of social interventions and measures.

¹⁴ Constitutional Law n.3/2001, Modifications to the V title of the second part of the Constitution.

in the different regional systems, the funding of the system through the fiscal imposition, very limited for the regions. In this multilevel governance system, each territorial level had the task to promote a wider and concrete involvement of stakeholders, in every phase of the policy making process.

However, in the last 15 years, the State was not able to set up effective forms of coordination among institutional levels¹⁵, to provide Regions a common orientation on social policies¹⁶ (not on contributory based policies), to build responsible funding schemes¹⁷ and to create adequate equalization mechanism in order to homogenize basic social rights all over the Country¹⁸.

Thus, Regions developed their own welfare system, in which they formulated and implemented their social provisions. Territorial diversification has a long history in Italy and can be synthesized by the divide between the rich Central and Northern regions and the poor Southern regions. The re-cent welfare reform not just reproduces this divide but even institutionalizes it. Instead of combating geographical differences in social protection and service provision, it multiplies differences at the local level. In fact, assigning these institutional competences to Regions and Municipalities without an effective strategy equalization has created more effective welfare systems in the richest regions, which are better able to co-finance their own social policies with the support of strong private and third sectors. While in Regions and Municipalities where poverty is higher, the welfare systems, services and measures are weaker too.

The consequence is a national welfare characterized by strong institutional and territorial (regional and local) diversification and policy fragmentation: the possibility to have access to services and the kind of assigned interventions depend not just on the needs people face but also on the location in which they face them.

To sum up, the innovation of governance processes has had an interesting season after the introduction of regional welfare laws and local social plans within the mentioned reforms in the first 2000, but their innovative effects seem over now. Lacking a national strategy of coordination, redistribution and equalization of policies, the reforms have produced a very diversified and fragmented system, with a high degree of territorial variation.

¹⁵ The Conferenza permanente per i rapporti tra lo Stato, le Regioni e le Province autonome di Trento e Bolzano (known as State-Regions Conference), and the Conferenza Unificata (Unified Conference), involving State-Regions Conference, Cities and Local Autonomies, have just a consulting role, subordinated to the will of the elected government governmental decisions (Bin and Ruggiu, 2006; Fargion 2006). This ambiguity and asymmetry brought about frequent conflicts between Regions and State, as shown by many recourses to the Constitutional Court (Bin 2007).

¹⁶ Also due to the constitutional reform assigning exclusive competence on social policies to Regions, that weakened the process of implementation of the national framework law approved just one year before.

¹⁷ While fiscal tools are centralized, the competence on managing and distributing social funds is devolved to the regional and local levels and this created a sort of de-responsivisation on public expenditure. Furthermore, the annual Budget law is the result of a complex negotiation making uncertain the availability of resources and so undermining the regional capacity of mid-long term planning. Finally, the annual resources assigned to social policies are defined just as a residual amount after other priorities (e.g. the expenditure for pensions and health services).

¹⁸ E.g. a national minimum income measure or the so-called “minimum levels for social services” foreseen by the framework law and never defined.

2.2.3 The horizontal governance system

The third sector has a long history in the Italian welfare system, but in the last 15 years, horizontal governance relations have been reinforced and the interaction among public institutions and other actors are organised on the basis of the new perspective of subsidiarity. Literature defines the relationship between public organizations and third sector in Italy as passive subsidiarity (Kazepov 2008, 2009, 2010). This entails a shift of responsibilities from public central actors to local non-for-profit actors without providing and redistributing “adequate” resources to fulfil them. This means the role of civil society is often substitutive of public responsibility instead of complementary and this reinforces the fragility, fragmentation and territorial diversification of Italian welfare system.

The Welfare National Framework Law 328/2000 gave private market and civil society organizations a new impulse to grow, improve its functioning and get involved in the whole social policy process: in designing, programming, managing, producing and delivering services. On the one hand, the spread of new participative arrangements is supported by an empowering rhetoric aimed at increasing legitimacy and transparency in the policy process. On the other hand, the diffusion of market mechanisms (externalization practices, like tenders, accreditation systems, titles of access to services, with various combinations) in the services’ delivery system are supposed to improve efficiency, reduce costs and increase quality, making available a wide offer for citizen’s “free choice”.

In this perspective, all Regional laws assign a central role to participatory mechanisms inside their welfare systems. Third sector organisations, profit enterprises, employers organizations and trade unions, citizens in general are, with region-specific arrangements, are defined as subjects able to contribute to realize better policies and services for social inclusion. It is at the local level, as Municipalities (associated in social zones) are in charge of programming policies and implementing services, that their participation is most important: here, local social plans and externalization practices have created variable alliances between public and private actors and relevant territorial diversification.

The recent I Rapporto sul Secondo Welfare in Italia (First Report on the Second Welfare in Italy) (Ferrera and Maino 2013) highlights that there are more than 300.000 non-profit organizations that represent the 6.4% of economic actors in the Country. About 5.7 million people are involved in this sector: 4.8 million are volunteers (83.3%), 681.000 are employees (about 12%) and 271.000 are collaborators (4.8%). Considering only employees, those employed in the third sector represent 3.4% of the Italian labour force. Considering the spectrum of non-profit organizations, the majority are formal and informal associations, respectively 68.300 (22.7%) and about 200.000 (66.7%), while there are also 11.264 social cooperatives (3.7%) and 6.220 foundations (2.1%). 4,8 % of the involved organizations have another juridical status (religious subjects, committees, etc.). The economic value produced by these organizations is estimated at 67 billion euros or 4.3% of national GDP. The Report also highlights that the Third sector shares with Regions and especially with Municipalities the efforts and innovative solutions to guarantee social support to citizens, despite the strong retrenchment applied by the central government. The Municipalities have been able to improve their own organization, rationalise their expenditure and reduce inefficiency and, in their strategy aimed at keeping an acceptable level of social support, the alliance with local public and private partner and the network building has been crucial. In this sense, the Report defines a new place-based welfare system.

2.2.4 Governance challenges in Italian welfare system

This paragraph aims at identifying the potential links between the main characteristics of the Italian welfare model as described above and the governance challenges (indicated in the text and table Y with #N) for social innovation, as defined within the ImPROvE project (Kazepov et al. 2013). These links are our hypotheses, based on literature, and the empirical research aims at studying them for concrete examples of local social innovation.

To sum up, the Italian welfare system is characterised by a central role for the family, considered in its traditional configuration. Social protection schemes aim at preserving citizens' status based on work positions, while social assistance is residual. The lack of a national minimum income lets part of the population uncovered. There is a serious misalignment between social risks and social protection and consequent strong imbalances, mainly along gender, generational and geographical lines (#4 #5). The increasing social problems as a consequence of the economic crisis and the decreasing of available public resources' have contributed to freeze all the attempts of reform, as a reaction to uncertainty of strong lobbies (#7 #8).

The three policy areas (aimed to sustain and activate long-term unemployed, to compensate disadvantages in education of minorities, and to solve housing problems) are organised differently and are not coordinated with one another. This is part of the problem, because fragmentation consolidates inequality. In the last fifteen years, many changes have been introduced transforming both vertical and horizontal relationships and institutional functions to increase subsidiarity. The new governance arrangements have their strengths and limits with regard to social innovation and its development and mainstreaming potential.

The asset of the vertical governance system can be favourable to make social innovation rise up. In fact, the relevant role assigned to the municipal level, closer to citizens' needs, makes it easier to grasp the changes and new problems and tailor policy responses (#8) more adequately to people's needs and local specificities. At the local level, it is also easier to activate civil society and its organizations and resources and to create networks to face common problems.

This very same feature of the Italian welfare state is however also its weakness in terms of the potential for supporting social innovation, due to the lack of effective mechanisms of national co-ordination and redistribution. First, it makes problematic the mainstreaming process (#1 #2). The possibility to elaborate systemic interventions on poverty and social exclusion is limited because the potential action of a Municipality is territorially limited and not always connected to other crucial policy sectors, as for example the labour policies (implemented by Regions/Provinces). The risk is to reduce social policies to a patchwork of initiatives and actions, instead of finding coordinated solutions to the causes of poverty problems, within the labour market or health policies, for example. Furthermore, it could stimulate strategies aimed to move social issues (as for the rom camps, prostitution or homeless people) outside of the jurisdiction (to other Municipalities, for example), in-stead of addressing them. Finally, social innovation is difficult to spread, because of the lack of external mechanisms to assess the best experiences, upscale them, even adapted to different con-texts, and anchor them structurally in a supportive policy context to give them continuity and pro-vide support (#2). Thus, the risk is to invest energies and resources at the local level in innovative strategies, with a weak possibility of sharing information, solutions, expertise and results to multi-ply the benefits.

The horizontal governance systems has limits and strengths too. The Italian context has a long tradition of voluntaries associations and social cooperation and this is a richness for the Country. How-ever, it has to be considered a potential imbalance between old, big and powerful organizations and new and dynamic ones trying to grasp opportunities and resources and giving voices to new needs and unprotected citizens (#3 #4 #5).

Tab. Y: Hypothesis on welfare specificities and governance challenges to social innovation

Welfare specificities	Governance challenges to social innovation
Misalignment needs/policies, resisting old and stronger lobbies to uncertainty of welfare reforms and imbalanced allocation of resources (Gender, Generational, Geographic unbalances)	#3: Governing welfare mix: participation #4: Equality and diversity #5: Uneven access
Strong Regional and Municipal competences, with a low national coordination Locally tailored responses (flexible local framework)	#1: Mainstreaming social innovation #5: Uneven access #8: Enabling legal framework
Growing territorial diversification: poorer welfare in poorer zones	#5: Uneven access #6: Avoiding responsibility
Resources retrenchment and growing needs	#1: Mainstreaming social innovation #2: Governing welfare mix: fragmentation #5: Uneven access #7: Managing intra-organizational tensions
Passive subsidiarity	#3: Governing welfare mix: participation

Source: own elaboration, considering governance challenges to social innovation elaborated in Kazepov et al., 2013 (ImPRovE WP 14, D1.1)

The role of market and civil society organizations has been reinforced in the last fifteen years, especially at the local level, both as part of an attempt to save public resources, increase transparency and legitimate political decisions. Clientelist logics and retrenchment strategies undermine these attempts. The relationship between public institutions and third sector is often based on a delegation of public responsibility instead of subsidiarity. The horizontal governance relationships, and partially also the vertical ones, are based on the logic of passive subsidiarity: functions and tasks are delegated from higher institutional levels to lower ones and to third sector without transferring them sufficient resources to manage these issues (#3 #6). The weak or absent mechanisms of accountability and user protection makes incomplete the externalization processes: the actual saving of public resources has to be demonstrated, first because it is taken for granted, and secondly because clientelist effects could make the costs increase. Furthermore, retrenchment logics risks to undermine the services' quality if public control and responsibility is ineffective (#4 #5).

As an effect of the combination of vertical and horizontal relationships on social innovation, the following hypotheses can be put forward:

- **Diffused** - Social innovative experiences can be diffused: in the sense that many innovative micro-experiences can be met at the local level. As Municipalities are the main actors in social policy sector (together with Regions), need analysis and solutions can be formulated closer to citizens and their needs, catching specificities and emerging problems. The local level is also expected to stimulate citizens' involvement in policies and network building among public, private and civil society organizations. Furthermore, the economic crisis is increasing social problems, while the available re-sources are decreasing. This makes research assessing newly emerging solutions and alliances crucial.

- **Variegated** - Social innovation in Italy can be expected to be variegated. In fact, considering the territorial differences, in terms of social problems and available public and private resources, and the allocation of competences in welfare policies in Regions and Municipalities, the

governance challenges to be faced and the capacity and potential of innovation may be different and what is innovative in a specific place might be outdated or consolidated elsewhere;

- **Fragmented** - A third characteristic of social innovation in Italy may be the fragmentation. The sectorial organization of policies and areas within the welfare system makes it difficult to elaborate systematic solutions. The (mainly) local basis of social policies, lacking mechanisms of coordination, creates isolation and obstacles to the up-scaling processes. The passive subsidiarity, implying decreasing and uncertain resources available for social policies, makes it difficult to give continuity to innovative interventions and good solutions. We therefore expect high fragmentation of the welfare system, with limited and isolated innovative experiences;

- **Unintentional** - The lack or weak concrete strategies and tools to promote and diffuse social innovation reduces its potential: mechanisms would have to be defined to promote, individuate, evaluate, readapt and transfer innovative experiences. Social innovation is probably more often the result of casual conditions than of a precise institutional strategy to improve welfare.

In conclusion, the potential of developing social innovation in the Italian context is expected to be high, due to the municipal base of welfare organization, but diversify and very fragmented (sectors, territories, etc.). The capacity of up-scaling social innovation is very limited, because of a lack of intentional strategy and tools to concretely spread social innovation. It is limited to isolated experiences and usually not picked up by the welfare state (passive subsidiarity). Thus the type of social innovation expected to be individuated can be defined as “Fragmented social innovation”.

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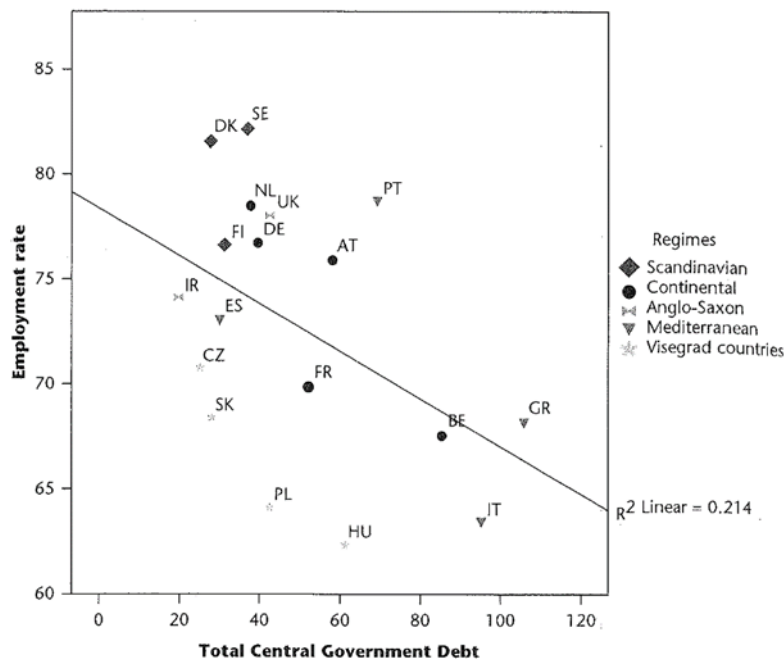
2.3 Belgium – Pieter Cools & Stijn Oosterlynck¹⁹

2.3.1 The Belgian welfare model

Belgium is usually categorized as a Continental or corporatist type of welfare state. Social rights are to an important extent guaranteed through employment-based entitlements and are stratified along the lines of professional groups that strive for status preservation. The aim of the Belgian welfare state is income maintenance. It has a labour market policy oriented to job protection, with only recently the development of an active labour market policy. The nuclear family is seen as a cornerstone of society, which is for example reflected in passive but generous family support. The social partners (trade unions and employers' organisations) and third sector organisations play an important role in organising and delivering social protection, welfare and services. The Belgian welfare state also has a universal safety net, managed by local public welfare centres (LPWCs, OCMWs in Dutch), but this plays only a small role in the total system of social protection. The mission of LPWCs is to guarantee the right of every Belgian citizen to social assistance in order to be able to lead a life in compliance with human dignity. This implies most notably access to minimum income protection ('leefloon'). Despite being an example of a corporatist welfare state, the Belgian welfare system also shows features of other types of welfare states, e.g. in the residual role of the social housing sector. In this report we discuss some of the recent evolutions in the Belgian welfare state, especially for the fields of employment, housing and education.

¹⁹ The authors are grateful to Natascha Van Mechelen for the detailed comments and suggestions. Any omissions and mistakes remain the sole responsibility of the authors.

Figure 1: Total central government debt and employment rates

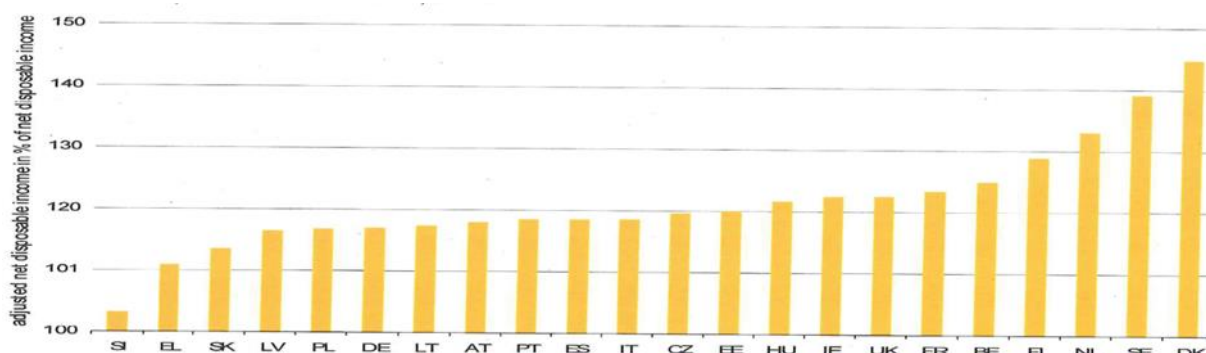


Source: OECD in Hemerijck, 2013: 262

In general, Belgium is a rich country with a high level of well-being (Deleeck, 2008). In annex I of this report, there is an extensive table that compares the different case study countries on several topics. This table shows that the Belgian welfare state plays an important role in income protection and poverty reduction. In 2012, 27% of the population had an income below 60% of the median income before transfers. After transfers this percentage is 14,8%. Since 1990 post-transfer income poverty decreased with 1,2%. The overall redistributive capacity has risen from 40,7 in 1990 to 42,9 in 2012. The Gini index fell from 29,0 in 1990 to 26,5 in 2012, showing that inequality has decreased during this period (Annex I). This indicator is below the EU-27 average of 30,6. From all the case study countries, Belgium is the only country that shows a clear decrease in income poverty and the Gini index and an increase of redistributive capacity between 1990 and 2012 (some data is missing for Sweden, Italy and Hungary).

As shown in figure 2, non-market services play an important role for the disposable income of private households. It adds about 25% to the net disposable incomes. Only in Denmark, Sweden, The Netherlands and Finland do non-market services add more to the income of households.

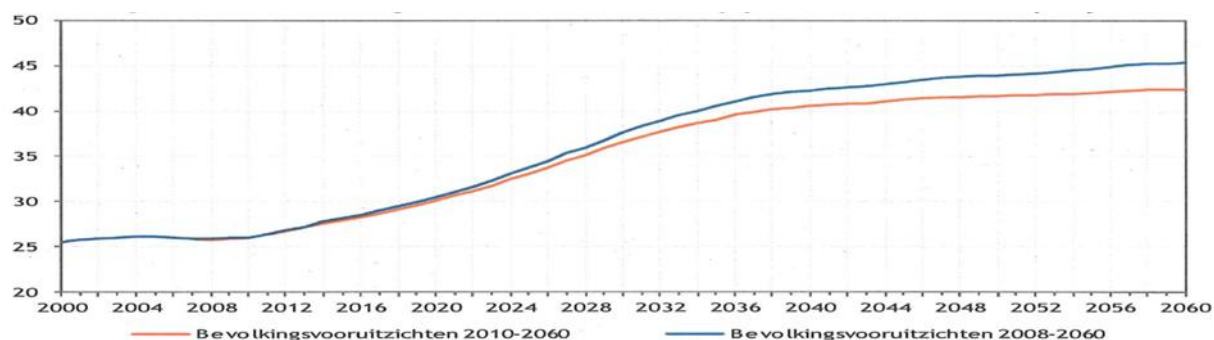
Figure 2: Importance of non-market services in the disposable incomes of private households*, national accounts, 2008



Source: European Commission 2008, Eurostat. * Including 'non-profit institutions that serve households' (NPISH)

As in many European countries, the ageing of the population puts pressure on the pension and care system. In their 2011 rapport, the Study commission for Ageing estimates that the proportion of the elderly (>65 years) will evolve from 16,9% in 2010 to 24,8% in 2060. The dependency ratio for elderly was 25,8 in 2001, 25,9 in 2009 and is estimated to grow to 42,4 in 2060, which is a bit lower than estimated in their previous rapport (Figure 3). The cost of ageing for the pensions is estimated to rise from 9,7% of the GDP in 2010 to 13,3% in 2030 and 14% in 2060, which is a rise of 4.3% of the GDP over a period of 50 years. When taking into account health care costs they estimate a rise of 5,6% in expenditures of the GDP over these same 50 years (SCvV, 2011).

Figure 3: The dependency ratio of the elderly [100x (65+/-15-64)] in the population estimates 2010-2060 (orange) compared to the 2008-2060 estimates (blue)



Source: SCvV; 2011:46

Looking at the evolution of the social benefit systems, Belgium fits the profile of a (post)corporatist welfare state that had difficulties to adjust its welfare policies to the post 1970s' challenges. The Belgian welfare state has been, and arguably still is, plagued by the problem of high inactivity rates and growing social expenditures (Hemerijck, 2013). This is illustrated by figure 1 that shows Belgium's low employment rate and very high central government debt. The high central government debt is generally attributed to amongst others the high costs of the health care system and rising expenditure for 'new' social risks (Vandenbroucke, 2012). High social insurance contributions make the hiring of employees

expensive and slow down job creation. In Belgium this goes together with a remarkably high coverage of unemployment (Annex I). In other words a high percentage of people (unemployed, people declared unable to work, people almost at a retirement age) are protected from the labour market and against new social risks such as single parenthood and work-life balance. Over the last decades this had some positive effects in terms of status preservation and short term growth strategies but proved to be harmful in the long run as it resulted in growing (long term) unemployment and expenditures (Hemerijck, 2013). From 1990 to 2012 the social expenditure as % of the GDP grew from 26,4 to 30,4. This a little bit higher than in Sweden (29,6%) where the evolution goes in the opposite direction. Austria and Italy show a growth and level of social expenditures as % of GDP similar to Belgium (Annex I).

As in other corporatist countries, which have been described with the metaphor of 'frozen fordism' (Esping-Andersen, 1996) in the 1980s and 1990s, the shift towards active labour market measures came rather late (Bonoli, 2007). According to Hemerijck (2013) the evolution to an 'Active Welfare State' in Belgium as proposed by the 1999-2003 government was not totally completed and not as radical compared to neighbouring countries. Especially the low activity rate of older workers re-mains an Achilles heel of the Belgian system.

Unemployment in Belgium

The importance of the corporatist tradition in the field of employment in Belgium is best shown in its historically strong position of unions. The persisting power of these organisations are reflected in its membership numbers. Belgium is the only European country in Europe where union membership numbers did not decrease between 2000 and 2010 (Faniel & Vandaele, 2012). The unionisation even rose slightly for each of the three large trade union organizations, which grew historically within the Catholic, the socialist and to a lesser extent the liberal pillar. In 2010 the estimated number of union members was 3.205.332. More than 50% of the active population (between 15-64 years of age) is member of a union. Faniel and Vandaele cautiously present some explanations for the exceptional position of Belgian unions: Firstly, Belgian unions have the responsibility to pay out unemployment benefits and waiting benefits (for youngster who finished or left school and have not found a job yet) which explains why the number of members does not decrease in periods of socio-economic crisis and growing unemployment rates. Secondly, the authors point to the relative stable institutional context for social bargaining and in particular the persistence of 'erga-omnes' principles with regard to 'collective labour agreements' (collectieve arbeidsovereenkomsten). This means that most collective labour agreements are not specific contracts that are made on the level of the firm, but agreements that apply to all companies in a sector. In other countries these agreements are increasingly made on the company level. As a last reason the authors mention the recruitment actions and broad agenda pursued by the unions themselves. Unions are regarded as strong veto players in the Belgian welfare state.

In percentage of all social expenditures the expenditures for activation measures rose from 1,09 to 1,59 between 1990 and 2012, which is the highest of our case study countries, including our Nordic country Sweden (Annex I). This is partly due to high unemployment rates, but also indicates a clear shift in policy orientation for Belgium over the last decennium. People are entitled to unemployment benefits after working a number of labour days within a certain number of months depending on age, for instance 312 days within 21 months or 624 days within 42 months for people under 36 years of age²⁰. Until recently unemployment benefits were not

²⁰ www.rva.be (Official website of the National office for employment)

limited in time nor degressive. Recently, the government decided to make them regressive²¹. There is also an overall tendency to become more strict in controlling the conditions for receiving unemployment benefits (e.g. efforts made by unemployed to find a job) and for the social minima to erode compared to wages and minima for other risk categories (Goedemé et al., 2011). An important concept in this regard is 'appropriate employment' (Coene, 2013). This concept is increasingly used in a narrower sense to assess the willingness of the unemployed to work and combined with financial sanctions to put pressure on the unemployed to accept available jobs. Making unemployment benefits degressive, which also applies to people who have shown their willingness to work, is assumed to be an incentive for people to work (Federale Regering, 2011). However, the Central Council for Business (Centrale Raad voor het Bedrijfsleven, 2014) argues that it contributes to higher chances of being at risk of poverty.

In 2013 8,4 % of the active population is unemployed in Belgium. There are large differences between the regions: Flanders 5,1%, Wallonia 11,4% and Brussels 19,3%²². It should be noted that the Brussels Capital region only covers the core of the Brussels city-region, which helps to explain its large concentration of unemployed people. Belgium has the largest dispersion Nuts-2 rate of all case study countries, even larger than in Italy. In 2012 44,7% of the unemployed are long term un-employed (more than a year), which is close to the 44,6 % of the EU 27 in that year. This percentage is however a considerable reduction compared to 1990 when 55,9% of the unemployed had been so for more than one year (Annex, I). In 2012 this share is 32,7% in Flanders (Coene, 2013)²³, 49,4 in Wallonia and 55,8 in the Brussels capital region.

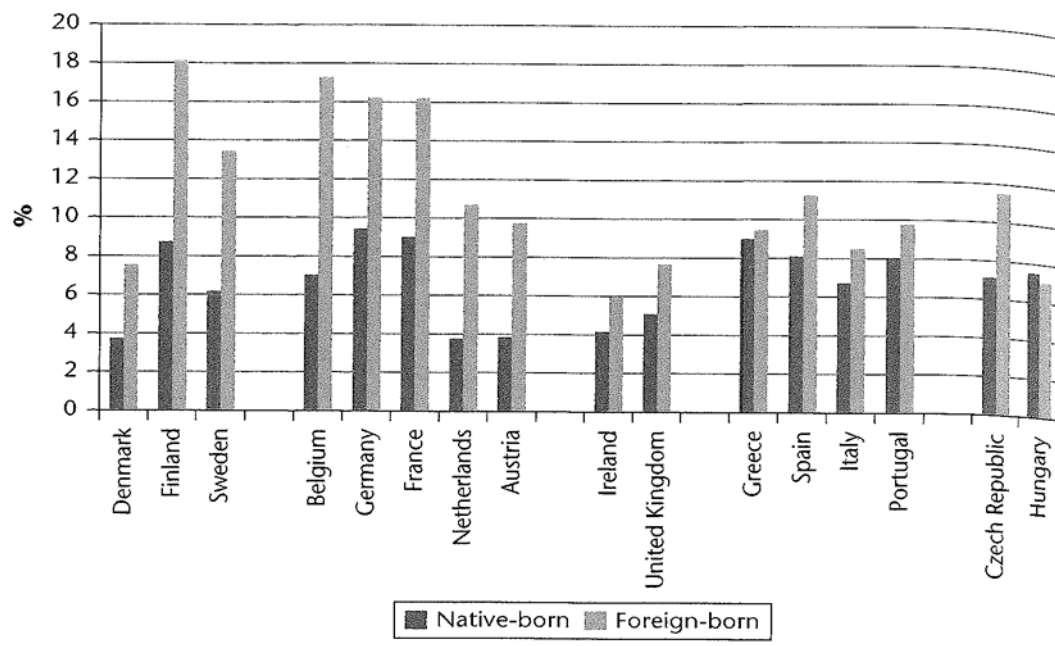
In general the groups with the highest risk of unemployment are non-native born (especially people without a Belgian nationality), people over 50 years of age and increasingly young people. The latter are also more often temporary employed compared to 10 years ago. Between 1990 and 2012 the youth unemployment rates rose from 14,2% to 19,8% and the share of temporary employed youth rose from 18,3% to 31,4% (Annex I). The employment rate of women, traditionally a group with a high inactivity rate in Belgium, grew from 44,3% in 1990 to 56,8 in 2012, which is still below the EU 27 level (Annex I). Being of foreign descent constitutes the highest risk of unemployment in Belgium. Figure 4 shows the huge difference between unemployment rates of native born and foreign born population, which is the second biggest in Europe after Finland. The recent shadow report of the European Network Against Racism (Enar, 2014) documents structural racism and discrimination on the Belgian labour market, especially against people from African and Roma descent and Muslims.

²¹ Unemployment benefits are still not limited in time, but it was an important issue in the debates in the run-up to the national elections in May 2014.

²² <http://bestat.economie.fgov.be>

²³ The data for Flanders and Wallonia are based on the work of the Support centre Work and Social Economy and the ADSEI (EAK and LSF-surveys). The Belgium and EU 27 percentages are based on Eurostat data.

Figure 4: Unemployment rate of native-born versus foreign-born population (15-64 years), 2006



Source: Eurostat European Labour Force Survey

The Belgian labour market is also characterised by a strong polarisation between high and low work intensity households. In 2011 13,7% of the Belgian population between 0 and 59 years old lived in a family where nobody works (work intensity < 0,2) and these people have a poverty risk of 62,9% (EU-SILC 2011).

Related to the discussion of structural unemployment, a big political issue is the high fiscal and social security cost on labour in Belgium. This cost is the highest in Europe. The European council urges Belgium to shift this tax burden away from labour for the sake of competitiveness (Raad van Europa, 2013). Related to this, unique measures (acquired rights) like the automatic indexation of wages are under severe political pressure, not in the least by European Union institutions.

Social economy and job creation in Belgium. A shift in avenues for social innovation?

Like in other corporatist countries that faced high unemployment rates and crisis in public finance in the 1980s, entrepreneurial dynamics emerged from associations that pioneered in promoting the integration of unemployed through productive activity. In these countries one can spot “second labour market programmes, offering intermediate forms of employment” (Defourny & Nyssens, 2010: 233). These, often small scale, organizations can be understood as active labour market policies *avant la lettre*. Their political recognition and support, created an impetus for government sponsored job creation for (long-term) unemployed as a way to address social needs and use passive welfare benefits in an active way i.e. using them to subsidize the newly created job.

This trend of a more productive role for third sector organizations, which played an important role in implementing these employment and support schemes, was especially strong in Belgium and France where these entrepreneurial dynamics have been mainly referred to as ‘social economy’ (Defourny & Nyssens, 2010). In the 1990s juridical statutes for government supported

social entrepreneurship like the ‘social workplace’ and ‘company with a social purpose’ were developed to support and regulate these dynamics.

The local welfare centres also play an important role in (re-)integrating people into society through employment. Besides individualized trajectories towards jobs or training, local welfare centres can use a variety of measures to intervene in the (wage or support related) costs for inserting their clients into professional life. The local welfare centres can also be subsidized as an employer (and/or mentor). This happens in most cases through the application of article 60§7 from the OCMW-law (June 8th 1976), which includes the option to make the employee available for social economy initiatives, while the local welfare centre remains the juridical employer²⁴. Local welfare centres have some discretion in applying these different measures and they develop schemes to do so with local partners, which explain the variation in practices of job creation and support into work between localities.

As shown in the figure below, these evolutions have created the phenomenon of direct job creation by the state in Belgium. This trend was the strongest in Flanders due to specific statutes and government policies. This activation strategy is rather exceptional in Europe and Belgium spends most in relative terms compared to France and Germany where this praxis exists as well (Figure 3). This created very favourable conditions in the 1990s and 2000s for social entrepreneurs that sought to develop niche activities with a social or environmental purpose in combination with the activation of long term unemployed. However, given the latest policy evolutions it seems that this kind of subsidized jobs are bound to disappear under pressure of European competition policy²⁵ and social investment discourses. From a social investment perspective the focus is on integration in the “re-al” labour market. Investing in tailored support and training should strengthen the long term un-employed and help them to get back to the regular labour market. Permanent subsidized employment should not be a goal and only an option for the ones that really need it²⁶.

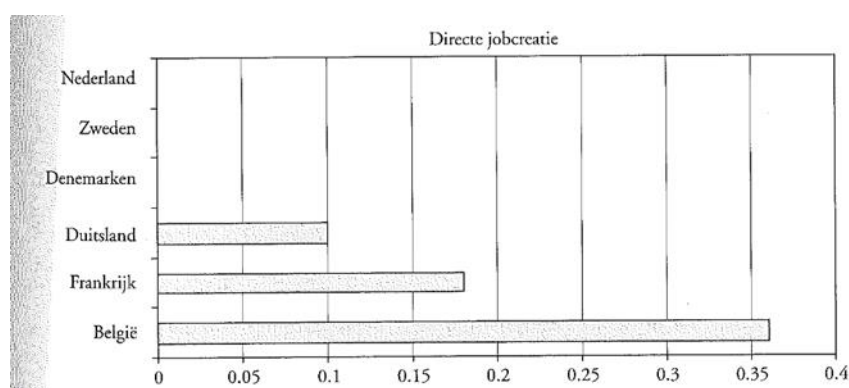
Hence, there is a shift in the avenues for government supported social innovation away from direct job creation. Two ‘new directions’ can be distinguished. The first is often described as ‘social activation’, with a more caring and protective character on the one hand. This direction tends to dominate in the Walloon region. The second is a more productivity oriented form of activation that pursues emancipation through ‘real’ labour market participation. This tendency which has been de-scribed as a ‘making work pay’ logic (Schepers & Nicaise, 2013), is dominant in the Flemish region. The direction includes different measures ranging from punitive approaches to more capacitating ones like intensive training trajectories in cooperation with future employers.

²⁴ <http://www.mi-is.be/be-nl/ocmw/tewerkstelling-en-opleiding>

²⁵ VERORDENING (EG) Nr. 800/2008 VAN DE COMMISSIE van 6 augustus 2008

²⁶ <https://www.werk.be/beleidsthemas/sociale-economie-en-tewerkstelling/sociale-economie/maatwerk>

Figure 5: Expenditures on direct job creation in percentage of GDP, 2005



Source: OECD, Employment Outlook 2007 in Deleeck, 2008: 113

Housing: A lot of owners and a lack of social dwellings

In the field of housing, Belgium does not conform to the tradition of corporate welfare states that pursue de-commodification of access to housing through the provision of large stocks of social housing. In Belgium, strategies of stimulating property acquisition through direct and indirect measures have for more than a century played an important role (Deleeck, 2008). This implies that housing is less seen as a social right (although access to housing is in art. 23 of the constitution), but as an individual responsibility that is strongly financially supported by the government. This shows in the very low share of social housing (9%), which makes it a residual form of social protection akin to liberal welfare states, and the high percentage (68%) of owner-occupied homes. This percentage is a bit higher than Sweden, the UK and Austria and lower than Italy and Hungary (Annex I). The Belgian housing market reinforces inequalities, because those that cannot afford their own home, pay more – in the long run – for access to housing. People who rent spend a larger portion of their income on housing compared to owners. Especially for low income families the norm of 30% is often exceeded (Hubeau & Vermeir, 2013). Against a background of growing home ownership, Hubeau and Vermeir observe tendencies towards more precariousness in the private rental market. The private rental market is functioning as a kind of residual market for more vulnerable families who cannot afford their own home and have not found access to social housing. Moreover, only a very small group of private renters receive a rent subsidy from the Flemish government (2% in the sample of the Great Housing Survey in 2013; Heylen, 2015).

As mentioned before, one of the most striking features is the low 9 % of social rented homes in 2012. This is low compared to the neighbours France, UK and the Netherlands. It is also a lot lower than our other Corporatist type welfare state, Austria (22%). Consequently, many people are on a very long waiting lists for social housing: often more than three years both in Flanders and Wallonia. The demand for social housing is clearly exceeding the offer. In 2012 about 180,000 people were on a waiting list in Belgium²⁷. Confronted with this reality many exceptions for waiting procedures are implemented to serve target groups with housing needs, in fact

²⁷ <http://www.armoedebestrijding.be>

creating waiting lists within the waiting list. These problems manifest themselves especially in larger cities.

The social housing units are very unevenly spread across the country. In general, the initiative to build new social dwellings lies with municipalities, local welfare centres and social housing companies. Cities have a higher percentage of social dwelling while some smaller municipalities have (al-most) none. In these smaller municipalities there is no support to invest in social housing as it would attract 'undesirable inhabitants' while cities argue that it is unfair that they should invest much more compared to the smaller ones. At the same time, many social dwelling are not occupied, of-ten because small renovations have to be done to meet the increasingly strict quality norms for housing.

At different policy levels in Belgium, governments have declared in ambitious documents that housing is a social right. This right is however not enforceable. Despite important improvements in the quality of housing, it is fair to say that many people have no access to affordable, quality homes (Hubeau & Vermeir, 2013). There are no official numbers on the amount of homeless people in Belgium, but in 2009 Feantsa estimated that at least 17,000 homeless people reside in Belgium. Several organisations warn that this group is growing.

Education in Belgium: High quality but reproduction of inequalities

Education is one of the Belgian constitutional freedoms, which means that every citizen can organize education according to his or her own philosophy. Youngsters have the duty to learn from 6 years old until they are 18 years old. This is a full time duty until 15 or 16 years old. Education is organized both by governments and by private (mainly not-for-profit) organizations. The Catholic Church and its school system is the main provider of education in Belgium. It is also legally possible for parents to organize home education. All educational institutions are subsidized by the state (education is a (language) community competence, see below). The relationships between the public and Catholic education networks is one the most important and contentious themes in Belgian history (Deleeck, 2008).

Education is relatively affordable in Belgium. Post-war social policy was very much oriented towards the democratisation of education and increase the level of education. This was often advocated with an explicit rhetoric of securing economic growth. Of course it also proved to be an important instrument for a upward mobility (Deleeck, 2008). The so called 'school battles' (1878-1884 and 1950-1958) between official (state) and free (predominantly Catholic) education can be considered as of the most important struggles for equal social rights in the Belgian history (Deleeck, 2008). The 'School pact' from 1958 states that access to basic and secondary education has to be free as a way to guarantee the freedom of education. This is true in principle. In practice some materials and school trips have to be paid for by the parents. It is important to note that there exist no ranking system of schools in Belgium. Report of school inspections are not published in a way that makes such ranking possible.

Compared to other European countries the cost for higher education is rather low as well (maximum €600 a year for bachelor and master courses). For most courses, there are no entry requirements nor entrance exams.

An important mechanism reproducing inequality in in the Belgian education system is the existing implicit hierarchy between general or theoretical and technical education and the so-called 'water-fall system'. Many students prefer general and academic courses over technical and vocational and more labour-market oriented ones because of the higher prestige the former carry. The technical or vocational study for many students becomes an option only after they tried and failed the more general and academic ones. The low cost of education have the

perverse by-effect of supporting this waterfall effect. The effect is very visible in secondary education, but according to Nicaise (2008) it starts even earlier because of selection processes in basic education (parents deliberately choosing schools and schools picking out children and families). In secondary education this has led to a devaluation of professional, labour market oriented studies. Almost all students in these classes are from foreign descent, have a low socio-economic background and a non-native language speaking family. These studies have a bad reputation and the youngsters often have lower chances on the labour market (Hirrt, Nicaise & De Zutter, 2013).

Looking at the 2012 Pisa report, Belgian students score above the OECD average in all three categories (Math, language and science). The results of Flemish students are significantly better compared to students in Wallonia. In math and science the scores of Flemish students are amongst the best of the world, while the Walloon region scores below average for OECD countries. The German speaking community scores in between both, above average. This difference is smaller for languages. For Belgium as a whole about 20% of the variation of student performance for math is explained by their socio-economic background which is higher than the 15% OECD average. The proportion of students with an immigrant background grew from 11,8% in 2003 to 15,1% in 2012 and is higher than 12% for the OECD countries. In 2012 these students performed 52 score points below non-immigrant students after controlling for the socio-economic background. This is high and significantly higher than the OECD average, but this number already improved significantly since 2003 (OECD, 2013), presumably as a result of policy efforts aimed at creating more equal opportunities in education. Especially in Flanders, the differences in results and chances to succeed in higher education between youngsters from a foreign decent (up to the third generation) and youngsters from a Flemish decent are alarmingly large (Hirrt, Nicaise & De Zutter, 2013). Despite the fact that low education constitutes a high risk for future unemployment, still 12% of the youngsters leaves school or training early. About 17% of the youngsters between 15 and 29 years of age are not in employment or training. This percentages are close to the EU-27 level and significantly worse than Sweden and Austria (Annex I).

As in other countries, the match between Belgian schools and Roma families proves to be a difficult one. It is very difficult to know the exact number of Roma as it refers to an ethnicity and not a nationality. Ethnicity is not included a category in migration registers. Also, many Roma have Belgian nationality, some of them have no legal place to stay and a minority is not sedentary. The council of Europe estimates that around 30,000 Roma's reside in Belgium, which is 0,29% of the population²⁸.

2.3.2 Vertical governance system and distribution of institutional competences

A sketch of the Belgian Federal state

Today Belgium is a rather complex federal state (Jeffery, 2011). The original Belgian constitution, issued in 1831, established Belgium as a highly centralized unitary state. Hence, when the welfare system was gradually constructed over the course of more than a century, it was organized at the national level. The territorialisation of the language conflict in the first decades of the 20th century and its subsequent broadening into communitarian politics, i.e. a form of politics in which the different language communities were seen to have clearly different ideological positions on how to organise society, led to the transition from a unitary into a federal state (Oosterlynck 2011). These state reforms, which are still ongoing, started in 1970

²⁸ http://ec.europa.eu/justice/discrimination/files/roma_belgium_strategy_nl.pdf

and Belgium became officially a federal state after far reaching constitutional changes in 1993²⁹. The federalisation happened along two different axes: firstly, along the axis of language communities (Dutch, French and German) in response to Flemish demands for linguistic territorial integrity and autonomy and secondly along the axis of regions (Flemish, Walloon and – later – Brussels) to respond to Walloon demands to control the tools to counter regional economic decline. The linguistic community institutions and governments are responsible for person-related matters, whereas the regional institutions and governments are competent for territorial matters. Interestingly, Belgian federalism is characterized by the absence of hierarchy between the federal level and the regions and communities. Devolutions of competencies were guided by a trinity of principles: autonomy-coexistence-exclusivity (Cantillon et al., 2011). Exclusivity means that a policy competency can only be regional or federal. Coexistence stresses the horizontal relationship between the policy levels. Autonomy stresses the rule of non-interference between policy competencies at different levels. The relation between the federal and the regional is thus not one of subsidiarity but one of devolution of exclusive powers together with a negotiated transfer of resources. Political negotiations and unsystematic devolution processes resulted in a patchwork of exclusive competencies which often hampers efficient policy making, despite the ambition to devolve homogeneous competency packages.

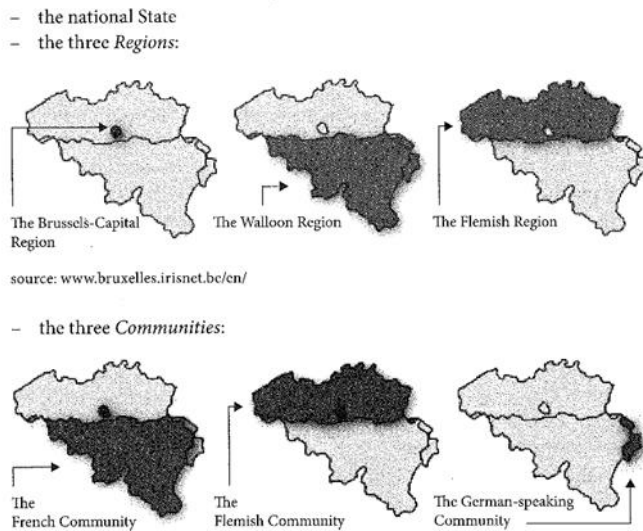
Focussing on the welfare state, the main³⁰ competences for each level of government (in 2014) are:

- **communities:** education, formal child care, integration of immigrants, preventive health care, care for the elderly and youth protection;
- **regions:** housing, employment and economy;
- **federal state:** everything that is not explicitly attributed to the communities and regions e.g. fiscal system and social security (unemployment benefits, pensions, healthcare (mostly), etc.), although the state reform going into effect in July 2014 brings some changes here (see below) (Cantillon et al., 2011: 5 brackets added).

²⁹ Belgium has had 6 constitutional reforms 1970, 1980, 1988, 1993, 2001 and the last one in 2011 which will be operative from July 1st 2014.

³⁰ We are referring to the main responsibilities here. In several policy fields, the responsibilities are spread over different levels of government, for example in the field of employment.

Figure 5: The Belgian Regions and communities



Source: (Cantillon et al., 2011: 3)

The devolution of competences: trends and recent reforms

Somewhat like the European Union the Belgian system is confronted with many veto players and big political differences at the central level (Scharpf, 2011). This often results in slow policy change or no change at all. “The inertia at the central level, the limited capacity to innovate and the divergence of policy preferences between the regions means that sub-national entities will increasingly attempt to develop their own social policy” (Beyers & Brusens, 2011:63). Since the 1970s the devolution of competences was often regarded in both regions as an acceptable or even attractive way to evade political blockades at the federal level (Scharpf, 2011). This devolution included several areas of social policy like youth protection, care for the elderly, integration of immigrants and formal child care. At the same time the systems for redistribution, the classical social security instruments, were kept at the federal level (Cantillon et al., 2011). This implies that several social policy fields like care for the elderly and labour market policies are multi-level in the sense that respectively services and activation measures are controlled regionally, while benefits and protection are controlled at the federal level.

It is important to note that this trend of keeping the social security systems at the federal level is being undermined in the most recent state reform. The organization of the child benefits is currently being devolved to the community government level. Especially in Flanders there are strong political forces that are in favour of splitting up social security and interpersonal solidarity mechanisms. Others argue that this is undesirable, improbable or even impossible (see for instance Beyers & Bursens, 2011).

Recent devolutions of competencies relevant to our case studies are: instruments of active labour market policy (while the unemployment benefit system is still a federal competency), the coordination and financing of local welfare centres and the housing rent legislation and housing subsidies.

The municipal level: limited autonomy, but local experimentation and partnerships

Based on the available research it is difficult to make general statements on the dynamics of localization in the Belgian welfare state. Tendencies of (de-)centralization tend to differ between

policy fields and for particular cases. The idea of the emergence of a local welfare system (as described by Andreotti et al., 2012) should be handled with caution. In many cases it seems that the autonomy of localities is still very much restricted by the competences of central governments, whether regional/community or federal. Nonetheless there is a tendency towards fiscal responsibility and the creation of local social policy plans in which partnerships and own strategic options can be chosen at the local level. Changes in the capacity and role of local governments are mostly in terms of coordination mechanisms and stimulating public-public partnerships, but not in terms of the devolution of competencies. Several decrees have enabled a more integrated cooperation between municipalities and local welfare centres³¹. This allows localities to tailor policies in the implementation phase and it allows them some space for experimentation. These tendencies of experimentation are most visible in the field of activation and more recently child poverty and family support.

The fight against child poverty is put forward as a central theme of the poverty policy on the federal level (Vranken & Geerts, 2015a). In 2014 the federal government launched a programme, subsidizing 57 pilot projects for a total of € 1,991,125 to experiment with local consultation forums in which local welfare centres and associations work together to prevent and detect child poverty. The majority of these projects (50 of the 57) are coordinated by the local welfare centres, the others are coordinated by NPO's³². This focus on child poverty and local consultation forums is in line with the policy of the previous government. In Flanders child poverty is also put forward explicitly as a policy priority and some high profile initiatives like the Flemish Child Poverty Fund³³ (Kinderarmoedefonds) and the 'Houses of the Child'³⁴ (Huizen van het Kind) have been launched to encourage local experimentation in the fight against child poverty and more local coordination on child and family support related matters. In Wallonia and Brussels, child poverty is not put forward as a policy priority as such in recent policy papers. In November 2013 the Walloon governments and the Federation Wallonia-Brussels amended the action plan concerning the rights of the child, based on an interim evaluation. This evaluation pointed towards some weak spots, namely that too little projects are realized and that there would be a lack of awareness of the plan in administrations (Vranken & Geerts, 2015b)

The local public welfare centres (OCMW in Flanders and CPAS in Wallonia) are the most important local social policy actor. They are obligated by law to guarantee all citizens a dignified human life³⁵. The main tasks of these municipal agencies, which are partially funded by the federal government, are providing services to disadvantaged citizens (e.g. debt counselling), guaranteeing care for the elderly (some agencies manage elderly homes and hospitals), paying out minimum incomes and all kinds of supplementary cash benefits (minimum income protection which is based on means testing) and assist recipients of support in labour market activation. There is a lot of geographical variation in support of disadvantaged citizens (Carpentier et al., 2014).

2.3.3 The horizontal governance system

Belgium has a strong and well-organized civil society, which is strongly involved in the making and execution of social policy. The relationship between the state and civil society that prevails

³¹ Like the changes in the OCMW-decree in Flanders in 2012.

³² <http://www.mi-is.be/be-nl/armoedebeleid/kinderen-eerst-lokale-overlegplatformen-voor-de-preventie-en-opsporing-van-kinderarmoe>

³³ <http://www.vlaandereninactie.be/projecten/kinderarmoedefonds>

³⁴ <http://www.huizenvanhetkind.be/hk/>

³⁵ Organieke wet van 8 juli 1976 betreffende de openbare centra voor maatschappelijk welzijn.

in Belgium is of a corporatist nature. Corporatist regimes are also found in France, Austria and Germany. Compared to social-democratic and liberal or dual systems, the third sector organisations play an important role as not for profit goods and services providers in Belgium.

“In this system of interaction between initiatives and public authorities, services are considered as an integral part of social policy based on taxes or social security resources. Services are not exchanged for a price to cover most of the production costs because the state provides the major part of the funding.” (Evers & Laville, 2004: 28)

Historically associations played an important role as service pioneers, identifying needs and coming up with solutions within their associative contexts. In the post-war periods they were increasingly supported and regulated by the state. Conglomerates of associations took shape along political lines and formed national federations that had the scale and political support to interact with public authorities (Evers & Laville, 2004). In the second half of the twentieth century, the Belgian landscape of social service provision has been strongly characterised by systems of large associative ‘pillars’. Mutual organizations for medical costs, family assistance and home care services and also unions were, and still are organized as different Christian, socialist and (to a lesser extent) liberal bodies. This associative logic extended to the choice of school and leisure activities. In many ways the mutual organizations of these pillars have become ‘para-state’ organizations (Evers et al., 2001), which is particularly clear in the field of (health) care services and unemployment benefits.

While the corporatist tradition is still strong in many fields (Hustinx et al., 2014), an increasing amount of third sector organisations are operating detached from the pillars. An increasingly wide variety of organizations participate in the welfare mix, but the cooperation between governments and subsidized non-profit associations seems to prevail. Research by Verschuere and Vancoppenolle (2010) shows that in most welfare sectors, with the exception of preschool childcare and elderly care, the involvement of for-profit service providers remains a marginal phenomenon.

Recent research by Hustinx and colleagues (2014) cautiously offers some indications on the diverse welfare-mixes across social policy sectors in Flanders. In general, the poverty sector, elderly care and the field of vocational training and employment trajectories show a wider variety of involved actors and instruments with more hybrid organisations and hence more complex and varied welfare mixes. On the other hand, youth care, integration services, the school system and social housing companies exhibit less complex and less diverse welfare mixes.

2.3.4 Governance challenges in Belgian welfare system

In this last section of this report we discuss the above characterisation of the Belgian welfare state in relation to the hypothesis of governance and innovation dynamics developed by the ImPROvE team in the project deliverables 11.1 and 14.1 (Annex II shows the full table). We first take a look at this hypothesis in general and we continue to refine it using the eight governance challenges presented and operationalized in Milestone 18³⁶.

³⁶ All these documents can be accessed online: <http://improve-research.eu/>

Box 1: Hypothesis for the corporatist-conservative welfare countries

The corporatist-conservative welfare Countries (continental Europe). There the State has to manage governance systems in which categorical interests and/or territorial groups have multiple veto points. Overcoming these obstacles is a necessary condition to promote reforms and innovation. Thus, processes of social innovation can be slowed down in being introduced and systematised as the result of compromises among all actors. This does not hinder to have a high potential in developing socially innovative arrangements. They are characterized by *active subsidiarity*, i.e. they delegate often tasks and responsibilities to non-state actors, but also provide resources. In the last decade these countries overcome the so called “frozen landscape” by showing important changes.

Source: Kazepov et al., 2013

A closer look at the Belgian welfare state confirms the hypothesis presented in Box 1. Both categorical interests, often guarded by large service providing third sector organisations, and territorial groups, represented at the regional, communal and federal level, have indeed multiple veto points. In many cases this has resulted in rather slow reforms. This is illustrated by the plan to reform the Flemish secondary education system, which is in the making for over 10 years and is being blocked and re-negotiated at several occasions. The prevailing type of social innovation is negotiated innovation (Annex II).

Recently there have been heavy debates about the non-transparent, bureaucratic and inefficient character of large third sector organizations and accumulation of power by these associations, amongst others about the role of trade unions in organising the payment of unemployment benefits. Also recently, the former Flemish Minister of Healthcare and wellbeing Mieke Vogels³⁷ (1999-2003) published a very critical book about ‘pillarized care cartels’. She argues in favour of a de-pillarization and localization of care services (Vogels, 2014). Her critique draws on arguments very similar to the hypothesis about social (service) innovation in corporatist regimes: these large “elephant like” institutions are in an advantaged position to accumulate resources at the expense of small scale organisations or experiments and they tend to be resistant to change and have the ability to slow down innovation and policy change.

It is shown in the previous sections that the Belgian welfare state has indeed undergone several important transformations, especially related to unemployment where the activation paradigm has become more dominant, overcoming “frozen landscapes”. In some fields, like child services, traditionally controlled by large third sector umbrella organisations, there seems to be a shift towards more locally oriented, horizontal governance arrangements including smaller third sector and voluntary organisations.

Governance challenges in Belgium

Based on literature studies and expert seminars the ImPRovE consortium identified eight governance challenges. Drawing on the discussion above and the preliminary findings of the Belgian case studies hypotheses for each of these challenges will be presented separately.

#1 Mainstreaming:

- Some sort of cooperative relation with public institutions is very important, not to say unavoidable, in order to mainstream social innovative practices.
- The Belgian welfare regime has a slow but high mainstreaming capacity.

³⁷ A member of the green party GROEN, formerly known as AGALEV.

- Because of the many political and institutional differences it is likely that successfully main-streamed innovations in one part of the country are not necessarily mainstreamed in the other part.

#2 Fragmentation of the welfare mix

- The welfare mix is coordinated through negotiation.
- Developing initiatives in specific niches by forging new relations between actors and policy domains is often a strategy to overcome frozen, 'pillarized' landscapes of welfare service delivery, which may result in topic specific, result oriented fragmentation.
- Cooperative relations between public institutions and non-profit organisations seem to prevail. Welfare mixes in which for profit organisations take a strong role remain a marginal phenomenon.

#3 Participatory governance style

- Organized interests like territory wide umbrellas and large third sector associations are privileged in negotiations with public institutions.
- Participatory governance is often blocked or slowed down by the many veto possibilities.

#4 Equality and diversity

- Slow to recognize new forms of diversity. This is often a result of the bureaucratic nature of 'para state' third sector organizations.
- This tension is very tangible in each of the case study fields and several initiatives try to tackle exactly this incapacity of over bureaucratised systems to deal with diversity (in immigration statutes, cultural background, chances on the labour market etc.).
- There is an evolution in services towards individually tailored solutions, which undermine the idea of 'equal treatment' and 'equal outcomes' in favour of 'equal chances'.

#5 Uneven access:

- There is, at least in the short run, a tension between the principle of universal access and the importance of experimentation and tailoring models to the local context.
- The development of uneven access to services is more likely in the case of short term project funding strategies.
- Large third sector organisations and umbrella play an important role in stimulating processes of standardization, which limits the risk of uneven access. They also show the capacity to forge solidarity and exchange between similar service providing organisations in different localities.

#6 Avoiding responsibility

- Cuts in public spending and austerity have been comparatively mild. Instead of cutting back in expenditures the role and coordination mechanisms of governments are changing in various ways like new public management practices but also more relational, deliberative governance arrangements.
- Active subsidiarity is possible under conditions of standardisation and output criteria that vary between sectors and activities.

- Against a historic background of heavily subsidized sectors and large corporatist organisations it is likely that the idea of desirable social innovation will be intertwined with a rhetoric of a more efficient use of resources and the responsibility of third sector organisation to be financially sustainable.

#7 Intra-organisational tensions

- The challenge of managing intra-organisation tensions between the different goals set and actors involved should be studied for each case separately. Our data do indicate that the involvement of volunteers, intensive output monitoring and the existence of different employment and/or immigration statutes are important elements to explain intra organizational tensions.

#8 Enabling legal framework

- Slow changes in legal framework. This is complicated by the juridical patchwork of Belgian federalism, which makes an integrated reform, for example labour market policy and un-employment benefits at the same time, very unlikely.
- NPA-statute prevails as the most appealing juridical form for organizations that pursue social innovation in service provision. Sometimes this statute is not flexible enough as main-streamed social innovations are increasingly pushed to be financially sustainable.

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3 Annexes

3.1 Quantitative data on case study countries

	UK		Sweden		Austria		Belgium		Italy		Hungary		EU-27	
	1990	2012	1990	2012	1990	2012	1990	2012	1990	2012	1990	2012	1990	2012
Population														
1) Single person with dependent children	5,0	5,5	6,0	5,0	3,0	3,3	4,0	5,7	2,0	3,2	n.a.	3,7	n.a.	4,1
2) Fertility rate	1,83	1,91	2,13	1,90	1,45	1,43	1,62	1,79	1,33	1,42	1,86	1,25	n.a.	1,57
3) Births out of wedlock	27,9	47,3	47,0	54,5	23,6	41,5	11,6	50,0	6,5	24,5	13,1	44,5	n.a.	n.a.
4) Divorce	2,7	2,1	2,3	2,5	2,1	2,0	2,0	2,5	0,5	0,9	2,4	2,2	1,6	1,9
Employment rates														
5) Male (15-64)	75,0	75,2	78,8	75,6	78,1	77,8	68,2	66,9	69,3	66,5	59,5	62,5	n.a.	69,8
6) Female (15-64)	60,8	65,1	73,1	71,8	58,9	67,3	44,3	56,8	35,8	47,1	45,2	52,1	n.a.	58,6
7) Youth (15-24)	55,3	46,6	37,4	41,6	57,4	50,5	29,8	22,6	23,2	15,0	24,4	17,2	n.a.	30,9
8) Temporary employees (15-64)	6,9	6,2	13,0	15,9	6,0	9,3	5,3	8,1	7,2	13,8	6,5	9,4	n.a.	13,7
9) Young temporary employees (15-29)	13,0	14,9	40,6	55,7	18,7	35,6	18,3	31,4	18,7	52,9	11,5	22,4	n.a.	42,1
10) Dispersion NUTS-2	7,2	5,2	4,8	2,7	2,0	4,1	7,8	8,5	18,9	18,0	9,2	8,4	13,1	13,2
Unemployment rates														
11) Male (15-64)	7,3	8,5	10,1	8,5	4,0	4,4	4,6	7,7	6,5	10,0	10,8	11,3	n.a.	10,5
12) Male (55-64)	5,1	3,7	7,9	4,6	5,7	2,4	5,0	5,1	2,0	4,2	6,0	7,6	n.a.	6,6
13) Female (15-64)	7,0	7,5	7,9	7,8	4,9	4,4	11,5	7,4	15,8	12,0	9,0	10,7	n.a.	10,6
14) Youth (15-24)	10,4	21,0	19,6	23,6	5,9	8,7	14,2	19,8	28,9	35,3	19,4	28,1	n.a.	22,8
15) % Long term unemployment	36,3	34,8	9,6	18,9	29,3	24,8	55,9	44,7	57,7	53,0	54,6	45,0	n.a.	44,4
16) Dispersion NUTS-2	33,3	23,2	29,6	10,8	23,7	44,2	50,1	57,5	58,3	42,3	35,8	24,5	54,5	63,2
17) Unemployed covered	n.a.	39,8	n.a.	40,4	n.a.	66,5	n.a.	94,9	n.a.	25,9	n.a.	55,0	n.a.	n.a.
Neets														
18) Young people not in employment and not in any education and training (%) (15-29)	12,5	15,4	6,9	8,4	9,6	7,8	17,2	14,4	21,9	23,9	19,1	18,8	15,6	15,8
	UK		Sweden		Austria		Belgium		Italy		Hungary		EU-27	

	1990	2012	1990	2012	1990	2012	1990	2012	1990	2012	1990	2012	1990	2012
Social Expenditure														
19) Per capita in PPS	6430,7	6974,8	8070,0	9119,0	7751,2	9555,8	6861,4	8952,1	5687,7	7485,7	2895,2	4064,3	n.a.	n.a.
20) As % on GDP	22,2	27,3	37,3	29,6	26,1	29,5	26,4	30,4	23,8	29,7	20,6	23,0	n.a.	29,0
21) Family/children	9,0	6,4	11,9	10,7	10,4	9,9	9,2	7,8	5,4	4,8	13,2	12,5	n.a.	7,97
22) Old age/survivors	45,3	43,6	37,1	42,8	47,3	50,6	41,8	39,8	56,9	61,3	41,1	46,3	n.a.	45,74
23) Unemployment	5,9	2,6	11,6	4,0	4,7	5,3	13,4	12,8	2,6	2,9	4,6	3,7	n.a.	5,61
24) Active Labour policies	0,42	0,38	1,68	1,09	0,32	0,75	1,09	1,59	n.a.	0,41	0,59	0,36	n.a.	n.a.
Poverty and income														
25) 60% median pre-trasfers	32,0	31,9	n.a.	27,4	24,0	25,8	27,0	25,9	23,0	24,4	n.a.	27,1	n.a.	25,9
26) 60% median post-trasfers	20,0	16,2	n.a.	14,1	13,0	14,4	16,0	14,8	20,0	19,4	n.a.	14,0	n.a.	16,9
27) redistributive capacity	37,5	49,2	n.a.	48,5	45,8	44,2	40,7	42,9	13,0	20,5	n.a.	48,3	n.a.	34,7
28) Gini Index	32,0	32,8	21,0	24,8	27,0	27,6	29,0	26,5	33,0	31,9	26,0	26,9	n.a.	30,6
Household indebtedness														
29) households' credit indebtedness (%)	148,4	164,9	115,2	139,1	68,3	68,3	73,8	86,3	42,4	50,0	28,7	52,5	80,0	96,9
30) households declaring arrears in repaying at least one liability (%)	n.a.	7,1	n.a.	5,4	n.a.	6,6	n.a.	6,4	n.a.	14,9	n.a.	16,0	n.a.	10,9
Housing														
31) % Owner-occupied	n.a.	65,0	n.a.	65,0	n.a.	61,0	n.a.	68,0	n.a.	73,0	n.a.	89,0	n.a.	n.a.
32) % Privately rented	n.a.	17,0	n.a.	17,5	n.a.	17,0	n.a.	23,0	n.a.	14,0	n.a.	3,0	n.a.	n.a.
33) % Social rented	n.a.	18,0	n.a.	17,5	n.a.	22,0	n.a.	9,0	n.a.	6,0	n.a.	8,0	n.a.	n.a.
Rom-Education														
34) % Early leavers from education/training	18,2	13,6	6,9	7,5	10,2	7,6	13,8	12,0	25,1	17,6	13,9	11,5	17,6	12,8
n.a. = not available														

1) Single person with dependent children (as % on total households). First year: 1997 - ECHP. Last year: 2012 - SILC (only of UK: 2011). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Living conditions and welfare (livcon) > Private households (ilc_lvph))
2) For HU last year: 2011. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Population (populat) > Demography (pop) > Demography - National data (demo) > Fertility (demo_fer))
3) For BL e UK last year: 2011. <i>Source:</i> own (%) calculation on EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Population (populat) > Demography (pop) > Demography - National data (demo) > Fertility (demo_fer))
4) Crude divorce rate. Last year: for EU-27 (2009), IT (2010), UK (2011). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Population (populat) > Demography (pop) > Demography - National data (demo) > Marriage and divorce (demo_nup))
5) First year: 1992. For: IT (1993); AT (1994); HU (1996). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Employment - LFS adjusted series (lfsi_employ))
6) First year: 1992. For: IT (1993); AT (1994); HU (1996). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Employment - LFS adjusted series (lfsi_employ))
7) First year: 1992. For: IT (1993); AT (1994); HU (1996). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Employment - LFS adjusted series (lfsi_employ))
8) As % of the total number of employees. First year: 1995 (for HU: 1997). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Employment - LFS adjusted series (lfsi_employ))
9) As % of the total number of employees. First year: 1995 (for HU: 1997). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Employment - LFS adjusted series (lfsi_employ))
10) First year: 1999. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > General and regional statistics > Regional statistics by NUTS classification (reg) > Regional labour market statistics (reg_lmk) > Regional labour market disparities - LFS series and LFS adjusted series (lfst_r_lmd))
11) First year: For AT e S (1995); HU (1996). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Unemployment - LFS adjusted series (une))
12) First year: For S (1995); HU (1996); AT (1998). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Unemployment - LFS adjusted series (une))
13) First year: For AT e S (1995); HU (1996). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Unemployment - LFS adjusted series (une))
14) First year: For AT e S (1995); HU (1996). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Unemployment - LFS adjusted series (une))
15) Long term unemployment in % of unemployment. First year: 1992 (for IT: 1993; AT: 1994; HU: 1996). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Labour market (labour) > Employment and unemployment (Labour Force Survey) (employ) > LFS main indicators (lfsi) > Unemployment - LFS adjusted series (une))
16) First year: 1999. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > General and regional statistics >

Regional statistics by NUTS classification (reg) > Regional labour market statistics (reg_lmk) > Regional labour market disparities - LFS series and LFS adjusted series (lfst_r_lmd)
17) Benefit coverage: (%) of those at least seven months unemployed with also some unemployment benefits in the income reference year (population at working age), EU-SILC 2010. <i>Source:</i> calculations by Tim Goedemé
18) First year: 2000. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Education and training (edtr) > Educational attainment, outcomes and returns of education (edat) > Transition from education to work, early leavers from education and training (edatt) > Young people by educational and employment status (incl. neither in employment, education or training - 'NEET') (edatt0))
19) First year: 2003. Last year for all countries: 2011. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Living conditions and welfare (livcon) > Social protection (spr) > Social protection expenditure (spr_expend))
20) First year: for S (1993), for HU (1999). Last year for all countries: 2011. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Living conditions and welfare (livcon) > Social protection (spr) > Social protection expenditure (spr_expend) > Expenditure: main results (spr_exp_sum))
21) First year: for S (1993), for HU (1999). Last year for all countries: 2011. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Living conditions and welfare (livcon) > Social protection (spr) > Social protection expenditure (spr_expend) > Expenditure: main results (spr_exp_sum))
22) First year: for S (1993), for HU (1999). Last year for all countries: 2011. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Living conditions and welfare (livcon) > Social protection (spr) > Social protection expenditure (spr_expend) > Expenditure: main results (spr_exp_sum))
23) First year: for S (1993), for HU (1999). Last year for all countries: 2011. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Living conditions and welfare (livcon) > Social protection (spr) > Social protection expenditure (spr_expend) > Expenditure: main results (spr_exp_sum))
24) As (%) on GDP. For HU first year: 1992; Last year for all countries: 2011 (for UK = 2009). <i>Source:</i> OECD, online, February 2014, http://stats.oecd.org/ (Labour > Labour Market Programmes > Public expenditure and participant stocks on LMP)
25) and 26) Incidence (%) of persons with available equivalent income, pre and post social transfers (pensions excluded) under the relative poverty line (established at 60% of the equivalent median national income). First year: 1995. <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Living conditions and welfare (livcon) > Income and living conditions (ilc) > Income distribution and monetary poverty (ilc_ip) > Monetary poverty (ilc_li))
27) Own calculations taking into account two indicators (25 and 26), according to the following formula: $[(25-26)/(25)*100]$
28) First year: 1995 (S = 1997; HU = 2000). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Living conditions and welfare (livcon) > Income and living conditions (ilc) > Income distribution and monetary poverty (ilc_ip) > Distribution of income (ilc_di))
29) Households' indebtedness level: the share (%) of the amount of indebtedness in disposable income. First year: 2005. Last year: 2009. <i>Source:</i> Aniola e Golas (2011) <i>Differences in the Level and Structure of Household Indebtedness in the EU Countries</i> , "CONTEMPORARY ECONOMICS"
30) Percentage of households declaring arrears in repaying at least one liability. Last year: 2008. <i>Source:</i> Aniola e Golas (2011) <i>Differences in the Level and Structure of Household Indebtedness in the EU Countries</i> , "CONTEMPORARY ECONOMICS"
31), 32) 33) Last year: 2011 (for IT: 2012. For BE:??). <i>Source:</i> AT (http://www.iibw.at/EN/index.php?option=com_content&view=article&id=18&Itemid=21); BE (http://www.housingeurope.eu/publication/social-housing-country-profiles/social-housing-in/be); IT (Istat: http://www.istat.it/it/archivio/107568); UK, S and HU (RICS 2012??)
34) First year: 2000 (only for S: 1999). <i>Source:</i> EUROSTAT online, February 2014, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (Database by themes > Population and social conditions > Education and training (edtr) > Educational attainment, outcomes and returns of education (edat) > Transition from education to work, early leavers from education and training (edatt) > Early leavers from education and training, by sex and NUTS 2 regions (edatt1))

3.2 Hypothesis on social innovation and governance dynamics for different welfare regimes

Contexts		Governance arrangements			Hypothesis on social innovation specificities		
Welfare regimes	Geographic Zones	Institutional competences organization	Governance	Relationships State/Third Sector	Potential of developing social innovation	Capacity of up-scaling social innovation	Types of social innovation
Universalistic	North of Europe	Local autonomy centrally framed	Hierarchic (managerial) and participative mix	Pervasive role of the State	Relatively high	High capacity of up-scaling	Supported social innovation
Corporatist-conservative	Continental Europe	Regionally /Centrally framed	Corporatist	Active subsidiarity	Relatively high overcoming frozen landscapes	Slow but high up-scaling capacity	Negotiated social innovation
Liberal	Anglo-Saxon Countries	Centrally framed	Market ruled (pluralist) and corporative mixed	Market model and residual role of the State	High capacity but frail innovation (subject to market logic)	Potentially high but tendency to replace the state (big society rhetoric)	Self-sustained social innovation
Familistic	South of Europe	Regionally framed	Populist and clientelistic mixed	Passive subsidiarity	High capacity, but very fragmented	Very limited, not picked up by welfare state	Fragmented social innovation
Transitional	Central and Eastern Europe	Transitional mixed	Highly diversified – difficult to define	Highly diversified – difficult to define	Highly diversified (from low to high)	Highly diversified – oriented to build new institutional arrangements	Regime social innovation

Source: Kazepov et al., 2013

Note: Vienna is a municipality as well as a province

ImPRovE: Poverty Reduction in Europe. Social Policy and Innovation

Poverty Reduction in Europe: Social Policy and Innovation (ImPRovE) is an international research project that brings together ten outstanding research institutes and a broad network of researchers in a concerted effort to study poverty, social policy and social innovation in Europe. The ImPRovE project aims to improve the basis for evidence-based policy making in Europe, both in the short and in the long term. In the short term, this is done by carrying out research that is directly relevant for policymakers. At the same time however, ImPRovE invests in improving the long-term capacity for evidence-based policy making by upgrading the available research infrastructure, by combining both applied and fundamental research, and by optimising the information flow of research results to relevant policy makers and the civil society at large.

The two central questions driving the ImPRovE project are:

How can social cohesion be achieved in Europe?

How can social innovation complement, reinforce and modify macro-level policies and vice versa?

The project runs from March 2012 till February 2016 and receives EU research support to the amount of Euro 2.7 million under the 7th Framework Programme. The output of ImPRovE will include over 55 research papers, about 16 policy briefs and at least 3 scientific books. The ImPRovE Consortium will organise two international conferences (Spring 2014 and Winter 2015). In addition, ImPRovE will develop a new database of local projects of social innovation in Europe, cross-national comparable reference budgets for 6 countries (Belgium, Finland, Greece, Hungary, Italy and Spain) and will strongly expand the available policy scenarios in the European microsimulation model EUROMOD.

More detailed information is available on the website <http://improve-research.eu>.

Bea Cantillon (Coordinator)

E-mail: bea.cantillon@uantwerpen.be

Phone: +32 3 265 53 98

Address: University of Antwerp – Sint-Jacobstraat 2 (M.177) – 2000 Antwerp - Belgium

Tim Goedemé (Manager)

E-mail: tim.goedeme@uantwerpen.be

Phone: +32 3 265 55 55

Mobile: +32 494 82 36 27

Address: University of Antwerp – Sint-Jacobstraat 2 (M. 185) – 2000 Antwerp - Belgium