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Governing occupational pensions and unemployment benefits: the state, the market and the social partners in-between?

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European Social Observatory

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Table of contents

Abstract ... 4

Introduction ... 5

1. The governance of occupational welfare: from the 'social division' of welfare to 'big governance' ... 6

2. The changing governance of occupational welfare: hypothesis, methodological choices and case selection ... 9

3. Evidence of the changing governance of occupational unemployment-related schemes: Austria and Italy ... 10

   3.1 Austria, the case of the Labour Foundations ... 11

   3.2 Italy: Bilateral Bodies and Bilateral Funds ... 13

4. Evidence of the changing governance of occupational pensions: the UK and Belgium ... 17

   4.1 United Kingdom: intrusive state regulation of occupational pensions ... 17

      4.1.1 Auto-enrolment in workplace pension schemes ... 18

      4.1.2 Occupational pension administration: from trusts to external assets managers ... 19

      4.1.3 The National Employment Savings Trust ... 19

      4.1.4 The financing of occupational pensions schemes ... 20

   4.2 Belgium: true multi-level governance of occupational pension funds ... 21

      4.2.1 The multi-level regulation of Belgian pension funds ... 21

      4.2.2 The administration of Belgian pension funds ... 23

      4.2.3 Funding Belgian occupational pensions ... 24

5. Conclusion ... 25

References ... 26

Annex. Governing occupational pensions and unemployment benefits in Austria, Italy, the UK and Belgium ... 28

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Abstract

Recent comparative studies point to the increased importance of Occupational Welfare (OW) in many European countries. OW is defined as 'the sum of social benefits and services provided by the social partners (employers and trade unions, by themselves or with the participation of other players) to employees on the basis of an employment contract over and beyond public benefits'. The present Working Paper analyses the governance of occupational unemployment and pension schemes in four countries: Austria, Belgium, Italy and the UK. It addresses two research questions. First, *Does OW, and the recent increase in its importance, suggest a strengthened role for trade unions and employers in the areas of unemployment and pensions*? And second, *Is the increased role of OW a synonym of the withdrawal of the state from the provision of welfare*? This Working Paper goes beyond the traditional concepts proposed by the literature on welfare on the social division of welfare, welfare diamond and welfare mix. Using the 'governance' analytical framework, it puts forward the concept of welfare chain to demonstrate the complex, intense and strategic interaction of different interdependent actors and institutions in the regulation, administration and financing of social and labour market policies.

The comparative analysis leads us to four main conclusions. First, OW is not purely the 'realm' of trade unions and employers' representatives. The social partners, even when they play a key role, are part of a more complex system of governance and are compelled to cooperate/compete with both the state and market forces. Second, the spread of OW is not a synonym of the withdrawal of the state. Rather, public authorities are often the main promoters of OW. Third, governance of OW is typically multi-level: both supra- and sub-national actors play a key role. The European Union in particular is increasingly involved in both the regulation and financial support of these initiatives. Fourthly the analysis shows that OW is increasingly characterised by hybrid forms of governance, where the division of competence between the state, the market and the social partners is increasingly opaque.

Introduction

The present Research Paper looks at Occupational Welfare (OW) – *defined as 'the sum of social benefits and services provided by social partners (employers and trade unions, by themselves or with the participation of other players) to employees on the basis of an employment contract over and beyond public benefits'*. As shown by recent comparative studies (see Natali and Pavolini 2014), in many European countries OW is increasingly widespread across the labour force. While others have looked at the main determinants of this evolution and its distribution effects (see Pavolini and Seeleib-Kaiser 2016), this paper focuses on a dimension which has been overlooked in the literature so far: the governance of OW.

We examine whether the rise of OW (at least in some European countries) provides evidence of an increasing role for employers' and workers' representatives, and of the parallel decline of the state. We depart from the 'social division' of welfare concept which Richard Titmuss proposed 50 years ago. Through the 'governance' approach we see occupational welfare schemes as being at the core of a complex interplay between public and non-public actors. The public actors address these risks through a variety of institutional devices at different levels of governance. The governance approach helps to disentangle this complexity by focusing on some of its key traits: the regulation of OW, its administration and financing.

The Commission-funded PROWELFARE project - and notably four of the country cases studies produced in that context (Ghailani and Peña-Casas 2016; Naczyk 2016; Pavolini *et al.* 2016; Wöss *et al.* 2016) - provides fresh empirical evidence and analysis that allows us to address the following key questions. First, *Does OW, and the recent increase in its importance, suggest a strengthened role for trade unions and employers in the areas of unemployment and pensions*? And second, *Is the increased role of OW a synonym of the withdrawal of the state from the provision of welfare*? A comparative analysis of occupational pensions and unemployment-related schemes confirms that OW is not the 'realm' (area of responsibility) of social partners. While the latter play a role in the field, we see an increasingly complex governance structure where state, market and social partners coexist and interact. The state does not withdraw from welfare provision, but uses different policy instruments to address social risks. In this complex context, the governance of OW is increasingly multi-level. Both supra-national (EU level) and sub-national actors take part in the regulation, administration, and financing of OW. This exploratory paper proposes the concept of 'welfare chain', where different forms of welfare provision act as links in a chain and, in many cases, governments have tried to create and strengthen complementarities between them. The provisions are linked to each other, and the interplay between them defines the nature of occupational welfare provision.

The remainder of the paper is structured as follows. Section 1 provides a brief summary of the literature on occupational welfare and outlines the logic of state-society interaction from a governance perspective. Section 2 presents the research questions and proposes alternative hypotheses. It also spells out the main methodological choices. Drawing on the findings of four PROWELFARE country case studies, enriched with other relevant sources, Section 3 provides ample evidence of the governance of occupational unemployment-related schemes in Austria and Italy. Section 4 focuses on occupational pensions in the UK and Belgium: these countries show the changing interplay between the state and non-public actors. Section 5 concludes with some initial comparative insights on the governance of occupational welfare in Europe.

1. The governance of occupational welfare: from the 'social division' of welfare to 'big governance'

When referring to occupational welfare, the most obvious starting point is the seminal work of Richard Titmuss (1958) on the 'social division' of Welfare. The author questions the idea of the existence of a unitary welfare system and proposes instead a distinction between three schemes of welfare: social (or public), fiscal and occupational welfare. While not differing fundamentally in the functions and the aims they pursue - i.e. addressing 'states of dependency' and meeting 'socially recognised needs' - what distinguishes these three systems is '[…] the administrative methods and institutional devices used' (ibid.: 42). To be sure, the three systems interact but they are still considered as three distinct spheres, with policy actors playing a particular role in each of them and using specific institutional devices. *"At present, these three systems are seen to operate as virtually distinct stratified systems. What goes on within and as a result of one system is ignored by the others. They are appraised, criticized or applauded as abstracted, independent entities"* (ibid.: 53). Titmuss' classification has been criticised on several grounds. In particular, scholars have pointed to the lack of clear guidelines on what should be included in the various categories, which consequently tend to be not homogeneous; other commentaries concerned the neglect of other sectors, particularly the voluntary and informal sectors (Mann 2009; Spicker 2014).

More recent research on the governance of welfare has helped to overcome some of the limitations of the 'social division' perspective. The concepts of 'welfare diamond' (Pijl 1994) and 'welfare mix' (Ferrera 2006) have stressed the existence of four sources of well-being: the state, the market, the community and the family. In this framework, occupational welfare provisions – which are fundamentally linked to peoples' position in the labour market – appear close to the 'market sphere' of the diamond (Spiker 2014).

Looking at privatization patterns in social services, the notion of 'welfare mix' describes complex patterns of relationships and interaction between public, private and non-profit suppliers (relying

on specific policy instruments), possibly leading to '[…] a new welfare policy environment' (Ascoli and Ranci 2002: 17). Indeed, far from being a fully-fledged privatization process entailing a complete withdrawal of the state in favour of market-based and competition logics, in 'supply-driven privatizations' the state still exercises substantial regulatory power. While responsibilities for the management of the services are transferred to private/non-profit providers, the public sphere keeps most financial responsibilities and a certain level of control over the content and quality of the services through regulation (ibid.: 10). As a result, this process '[…] has involved the growth of a decision-making area occupied by both political and private or non-profit actors, in which the boundaries between the sectors are increasingly more uncertain and difficult to define' (ibid.: 17). The emerging welfare systems are mixed not only because different kinds of actors (public, private, non-profit) are involved, but also because '[…] they include different forms of regulation and coordination between these actors' (ibid.: 14).

Furthermore, the configuration of the welfare mix may change over time and, indeed, the attempt to address what are known as 'new social risks' has led to some rethinking of what the respective roles of the various actors should be, entailing policy responses reshaping the welfare diamond. For instance, Jenson (2013) refers to the concept of 'social innovation' to highlight the changing relationship between the market and the community spheres, possibly leading to a 'reworking' of the market corner of the diamond, that is the result of innovative forms of interaction between private, non-profit and public actors coming from different levels (local, national, international or supranational bodies) and relying on a variety of innovative policy instruments (ibid.: 11).

The literature on welfare has thus addressed the issue of the complex interaction of different actors and institutional devices. But there is still a need for a better assessment of such interplay. First, the literature mentioned above tends to underestimate the complexity *within* each single sphere. As stressed above with respect to the 'social division' of welfare, the emphasis is on the trade-off between the role of the state and that of non-public actors: a more active role for the former can be assumed to impact the role of the latter and *vice versa*. Second, actors tend to play their role at different levels of governance. At the time of Titmuss' landmark publication, public authorities, the market, civil society organisations and social partners were expected to interact in the context of the nation state, with the possibility of a further set of influences at the sub-national level. But, as shown by the PROWELFARE country case studies, the supranational level is increasingly important. This is the result of the globalisation of financial markets and the growing role of the EU in the area of social policy. Third, the literature on the complex interaction of actors in the welfare field tends to lack a clear operationalisation of the role of each actor.

The governance perspective that looks at '[…] the nature of state-society relationships in the pursuit of collective interests' (Pierre and Peters 2005, 6) is an interesting strand of the literature; it contributes to an analysis of the interaction between public and private forces and helps address

the main limits of the welfare literature (ibid.: 2). More than a clear-cut horizontal shift of authority and responsibilities from governments to societal actors, governance analysts have pointed to a more central and complex role for the state and for governments (Capano *et al.* 2015). In this respect, reference is often made to the notion of 'big governance', emphasising the parallel growth of state-centred and society-centred governance. The consequence is a growth of 'hybrid modes of governance' which rely on rules and regulation supplied by both public actors and civil/business actors, sometimes collaborating, sometimes competing with each other' (Levi-Faur 2012: 14).

The governance approach also helps to disentangle two dimensions of social policymaking. The 'horizontal' dimension has to do with the interaction of actors located at the same level of governance but working in different policy areas. The 'vertical' dimension refers to the co-existence, if not integration, of actors located at geographically different levels of governance ([1]). The EU should be seen as the key additional level to be added to – and interacting with – the more traditional levels of governance (notably the central state and subnational entities). When it comes to social policies, the EU level has indeed provided national and sub-national levels with a series of constraints and resources (cf. Graziano *et al.* 2011), including legislation (in some areas), cognitive resources (mainly through various Open Methods of Coordination, which are considered as new modes of governance), and financial resources (notably by means of the Structural Funds and, in particular, the European Social Fund). Besides the EU, recent literature on multilevel governance has focused on global governance and international institutions (cf. Stephenson 2013), and particular attention has been devoted to the role of global financial markets (see, for instance, Moschella 2015). Together with the EU and the national/sub-national levels, the international level is indeed another key aspect to be considered.

Ultimately, the governance perspective allows us to identify and thus operationalise the possible features of the relationship between state and society (in their various forms), thus leading to the identification of different modes or models of governance (Capano *et al.* 2015). These include the actors and levels involved; process (i.e. the features of the interaction among the actors); mechanisms and instruments; strategies (i.e. actors' strategic choices to achieve political and policy goals); and finally, outcomes.

1. In this respect, the multi-level governance (MLG) perspective provides the appropriate analytical lens to cover both the horizontal and vertical dimensions of governance (Stephenson 2013).

2. The changing governance of occupational welfare: hypothesis, methodological choices and case selection

In line with the literature mentioned in section 1, it seems plausible to hypothesise an ongoing evolution of the governance of occupational welfare in the direction of 'hybrid' forms of governance, characterised by:

a. complex, strategic and dynamic interaction between a multiplicity of actors and levels of governance;
b. a somehow blurred and changing definition of their respective roles and responsibilities; and
c. the state not withdrawing but, instead, redefining its modes of intervention by redistributing competences among its interactions with other players and relying on a varied set of policy instruments among which, increasingly, regulation.

In this context, the boundaries between occupational, social and fiscal welfare are also blurred, to the extent that, instead of seeing occupational welfare as supplementary or substitutive to other forms of welfare, one can see it as closely interrelated with them in a complex 'welfare chain'. The latter is characterised by the complex and intense interaction of different actors and institutions in the regulation, administration and funding of social and labour market policies. Different actors and institutions can be considered as links in a chain: they are not independent but interact strategically with each other. While the concept of a welfare chain refers first to the overall provision of welfare protection, it is also applicable to a single institutional device such as occupational welfare.

The research strategy and case selection

In this study, we primarily aim at exploring and clearly defining the contours of the abovementioned 'hybridisation' of governance hypothesis, by systematically gathering empirical evidence from some of the PROWELFARE case studies. We have opted for an *information-oriented case selection strategy* (Flyvbjerg 2006), with a view to gathering the greatest possible amount of relevant information about the phenomenon. Consequently, we selected a number of case studies concerning the two PROWELFARE policy areas (occupational unemployment-related schemes and occupational pensions) and drawn from 4 countries: Austria, Belgium, Italy and the UK ([2]).

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2. The other case studies in the PROWELFARE project, which are not considered in this paper, are concerned with Germany, the Netherlands, Poland, Spain and Sweden.

In particular, we look at the governance of occupational schemes by referring to distinct social governance modes: *(self-) regulation* and *(self-) administration*. In line with Ebbinghaus (2010), we take 'administration' to mean the social partners' role in the supervision and implementation of policy decisions. In the case of self-administration, legitimacy derives from delegation of public authority by the state to an agency. Depending on the authority delegated and resources provided, the self-administered agency may be more or less autonomous of the state. Self-regulation consists of a voluntary agreement between social partners or unilateral regulation of a certain policy field. In this case the state abstains from intervening in the self-help of the social actors according to the principle of subsidiarity (ibid). Finally, we look at a third dimension: *financing*. OW is financed by employers and employees' contributions but may also receive financial support from the public authorities through tax incentives and/or direct social spending.

Such a case selection strategy allows us to better define and develop our hypothesis, thereby paving the way for a larger-scale analysis. In particular, we aim at *mapping* the governance of our case studies and providing a *preliminary interpretation*. Cases are selected in line with the 'most dissimilar cases' strategy: Austria, Belgium, Italy and the UK belong to different welfare regimes and clusters of OW (Greve 2008). Consequently, taking into account the key dimensions identified in Section 1, our analysis will focus on mapping the *actors* and the *levels* of governance involved and on identifying policy instruments used, with a view to shedding light on the key features of the *process*. While, in doing so, we will also pay attention to actors' *strategies* (limited to the information available), an assessment of the key dimension of the *outcomes* of the governance arrangements (e.g. implications in terms of effectiveness, accountability and democratic nature) goes beyond the scope of the present paper.

3. Evidence of the changing governance of occupational unemployment-related schemes: Austria and Italy

This section focuses on occupational unemployment benefit schemes. In order to better demonstrate the dynamics and interactions – both horizontal and vertical – occurring between different actors utilising multiple instruments, two national cases have been selected for a more in-depth analysis: Austria (with a focus on so-called 'Labour Foundations'), and Italy (with a focus on 'bilateral bodies').

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3.1 Austria, the case of the Labour Foundations (3)

In the context of Austria's labour market policies, examples of occupational welfare provisions are rare. Financial support for those who have lost their job is mostly provided by the statutory Unemployment Insurance (UI), while supplementary schemes based on social partners' agreements barely exist (Wöss *et al.* 2016). However, social partners are involved in many activities related to labour market policies such as designing and implementing regulation, decision-making in the Public Employment Service (PES), and initiatives for improving access to the labour market for disadvantaged groups (Huster and Bourcade 2008).

In this context, Labour foundations (LFs) – which gained importance during the recent financial and economic crisis – are an interesting case. Since social partner agreement is a pre-condition for PES support and social partners' resources can be mobilised, these hybrid programmes fulfil the occupational welfare criteria mentioned in the introduction. Labour foundations are of major interest here in that they allow us to analyse the interplay between actors along the vertical and horizontal dimensions: the European Social Fund (ESF), Federal government and Länder interact along the former, while social partners and the state are involved in the latter. As a result, the features of these programmes blur the boundary line between statutory and occupational schemes (see Wöss *et al.* 2016, Table 1 below and Table 5 in the Annex for a more detailed presentation).

Labour foundations are programmes set up in the event of redundancy or economic difficulties for a company, a sector and/or a region. They were first established in the 1980s as a response to the steel crisis, and since then they have been adapted to a variety of industries and regions. Labour foundations involve companies and/or regional labour market actors in skills-training for unemployed people in order to meet the needs of the company or the regional labour market. They can deploy a wide range of instruments – such as career guidance, skills-training, active job searching, or practical training in the form of internships. The workers who participate in these programmes receive unemployment benefits, the duration of which can be extended beyond the ordinary limits.

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3. This section draws heavily on Wöss *et al*. (2016).

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Table 1: The governance of Labour Foundations in Austria

Dimensions	*Main actors*
Regulation	Social partners (companies or bilateral agreements) State: PES/regional-local authorities
Administration	Companies, PES, social partners and local authorities
Financing	State (unemployment insurance) Companies/Trade unions EU funding (ESF-EGF)/regional authorities

Source: authors' own elaboration.

As for regulation, a number of actors are involved. Foundations are usually designed by the social partners ([4]), and, depending on the type of foundation, they can be either launched at the initiative of enterprises or set up by social partner organisations. Agreement between the social partners is then followed by PES approval. The rules governing Labour foundations are strictly linked to the unemployment legislation insofar as participants must meet the entitlement conditions for unemployment benefits. At the end of the 2000s, the Austrian government decided to intervene more decisively in this domain. In 2009, in the framework of a first labour market stimulus package (*Arbeitsmarktpaket* I), it facilitated the establishment of sector labour foundations. As a part of the 2009 second stimulus package (*Arbeitsmarktpaket* II), a legal basis for addressing target groups such as young people aged 19-24 was established, especially to combat youth unemployment (*Jugendstiftungen*). When launched in the 1980s the model gave rise to some criticism; however, it proved so successful that it has since been broadened to include industries from all sectors, and has resulted in amendments to Austrian unemployment legislation (Suschnigg 2001:5). There is thus evidence of a chain of rules provided by the state and social partners.

Several actors interact in the administration of Labour Foundations, whose administrative structure includes the companies involved (and the works council), the PES, social partners and local authorities. Company foundations are often set up as part of a 'social plan' (*Sozialplan*), which is drawn up to prevent or alleviate the consequences of redundancies or restructuring. Participation in the Labour foundations is conditional on developing a jointly agreed training plan to be signed by all the parties involved and approved by the PES.

Several actors also contribute to funding. Most labour foundations are funded by the companies involved in lay-offs or restructuring and by solidarity contributions paid by employees. In addition,

4. 'Insolvency foundations' are launched by regional or local authorities or another suitable legal entity in the event of insolvency of an enterprise.

all types of Labour foundations can be partly funded through the statutory unemployment insurance (UI) budget ([5]). Moreover, some of them are provided with co-funding from the ESF and, in a few cases, from the European Globalisation Adjustment Fund (EGF).

According to the European Commission, between 2007 and 2013 Austria received € 472 million from the ESF, which, together with national co-funding, brings total ESF spending to € 1.1 billion, shared between a national ESF programme and an ESF programme for the Burgenland region (European Commission 2012). The European funds are mainly targeted at improving education or updating skills - especially for older workers, women, and those with a migration background - through active labour market policies, and combating exclusion; for instance, by offering employment possibilities to people with disabilities. In the case of regional foundations, European funds are matched by those made available by local authorities, while in sectoral foundations social partner organisations contribute to funding. The fixing of the concrete financing structure of a foundation is the result of negotiations between the actors involved.

Labour foundations have proved to be a very useful tool to address crisis-related restructuring needs. As reported in this section, their success has been fostered by government investment, which facilitated the establishment of sectoral labour foundations through labour market stimulus packages and provided a legal basis for addressing target groups such as young people. These measures helped boost the number of participants in labour foundations, reaching a peak of more than 9,000 beneficiaries in 2010, with a 100% increase when compared to pre-crisis levels. Labour foundations are therefore an example of successful interaction by a plurality of actors from different levels in all the governance dimensions considered (see Table 1): social partners, state, local authorities and ESF all play a role. The interaction with the unemployment insurance corroborates the hypothesis that there is no necessary dichotomy between occupational and statutory schemes, nor is the expansion of the former necessarily followed or caused by retrenchment of the latter. Interactions and interplay between a plurality of actors at different levels make for a complex picture and blurred boundaries.

3.2 Italy: Bilateral Bodies and Bilateral Funds ([6])

Starting from the 1990s, Italian 'bilateral bodies' (*Enti bilaterali*, set up and administrered by employers and employees) developed in many regions and sectors in order to fill the gaps left by the dualistic Italian welfare system. These are joint bodies set up by social partners to provide welfare benefits/services in those sectors and firms where statutory schemes are absent. They can

5. The maximum funding from the UI budget can range between 35 and 60%, depending on the type of labour foundation.
6. This section draws heavily on Pavolini *et al.* (2016).

take the form of bilateral funds whose main purpose is to gather contributions in order to finance specific services (Maino and Ferrera 2015). In particular, many bilateral funds were established to provide short-time working schemes in those areas not covered by statutory wage redundancy funds (*Cassa integrazione guadagni,* CIG), providing cash benefits as shock absorbers, see Table 6 in the Annex) ([7]).

As for regulation, the success of bilateral bodies in providing welfare pushed the government to intervene through legislation aiming at incentivising the creation of these bodies. Article 118 of Law 388/2000 set out the establishment of some special funds for life-long learning, as well as determining the modes and conditions for accessing public resources. Legislative Decree 66/2003 gave bilateral bodies a role in the provision of placement services, which can be carried out upon authorisation from the Ministry of Labour (Tiraboschi 2013). However, the creation of bilateral bodies to 'replace' the state was left to the initiative of the social partners at regional or local level until the Italian legislator decided to step in. Both the so-called 'Fornero Reform of the labour market' (Law 92/2012) under the Monti government and the 'Jobs Act' adopted by the Renzi government intervened to encourage the creation of Bilateral Solidarity Funds, thus giving them something of a hybrid nature.

Law 92/2012 aimed at ensuring that by 2013 (six months after the law was adopted) all sectors and firms not covered by statutory CIG would have established Bilateral Solidarity Funds, aimed at granting broader coverage of short-time working schemes. The establishment of such funds was mandatory for all firms with more than 15 employees lacking a statutory redundancy fund. Moreover, bilateral funds were allowed to increase their activities so as also to include UI benefits. For those sectors already equipped with bilateral funds, Law 92/2012 provided for Alternative Bilateral Solidarity Funds ([8]). Finally, for all those firms which would not comply with the law, a 'Residual Bilateral Solidarity Fund' was established, to which all such firms would have to pay contributions; this rule constituted an incentive to conclude collective agreements and set up bilateral funds.

But the use of new instruments such as bilateral funds not only involves interactions along the horizontal dimension: regions and local actors also play a major role along the vertical axis. In particular, with regard to administration, while the social partners set up such funds and establish the operational rules through partner agreements, regions are also somehow involved. Analyses of bilateralism must indeed consider the local/regional dimension: in 2013, out of 436 Italian bilateral bodies, 409 were operating at regional or local level. In some cases, bilateral bodies interact

7. CIG typically covers large and medium enterprises, especially in manufacturing.
8. 'Alternative' since, unlike Bilateral Solidarity Funds, they did not have to be established within the Italian National Institute for Social Security (INPS).

closely with regional and local authorities, the former also providing access to ESF resources (see below) ([9]). All this reflects the chain of rules and tasks provided by different actors.

With regard to financing, Bilateral Solidarity Funds have to be created by means of a sector or multi-sector agreement, and have to be self-financed. The right to access the benefits they grant is conditional on the presence of sufficient resources: funds cannot run into deficit (Pavolini *et al.* 2016). As mentioned above, Law 92/2012 established that, for all those firms which did not comply with the law, a 'Residual Bilateral Solidarity Fund' was established, to which all such firms would have to pay contributions. Since Law 92/2012 was approved, however, firms have often preferred to pay contributions into the residual fund instead of setting up Bilateral Solidarity Funds. In an attempt to reinforce Fornero's approach, the Jobs Act (Legislative decree 148 of 14 September 2015) extended the requirement to set up Bilateral Solidarity Funds to firms employing less than 15 people (but more than five), while non-compliance would imply an obligation to adhere to the residual fund (now re-named *Fondo di integrazione salariale'*.

The European dimension is also important in the financing of these instruments. The European Social Fund (ESF) has been granting resources to regions to finance the so-called 'wage redundancy fund in derogation' (*Cassa integrazione in deroga,* CIGD), a statutory scheme set up for employees covered by neither 'ordinary' CIG nor the 'special' CIG (CIGS), which is directly accessible when there are no bilateral bodies (Eurofound 2010). Moreover, the ESF is being used in Italy to increase employment possibilities, help disadvantaged groups, improve workforce skills and boost education and training (European Commission n.d.); these are services provided also by bilateral bodies, which can apply and receive ESF resources. Indeed, Law 92/2012 foresees that Bilateral Solidarity Funds may contribute to the financing of training or re-training programmes, also in combination with national or European funds.

Summing up, by legislating on the creation of bilateral funds, the Italian state is using new instruments typically set up by social partners, but rendering them mandatory, rather than, as is usual, voluntary. Bilateral bodies set up as a result of Italian laws are therefore hybrid entities, somewhere in-between statutory and occupational bodies. Instead of expanding the statutory coverage of wage Redundancy Funds, the state broadens coverage through private means, while still keeping a strong grip on these. Bilateral bodies can access public resources, and fiscal welfare is intertwined with social welfare – one example being the 2016 Stability Law, which introduces more tax deductions for occupational welfare. The state is not the only actor playing an innovative role: employers can have more power over workers' working conditions; workers can receive more

9. An example is referred to by Maino and Ferrera (2015): the municipality of Lodi in Lombardy (in the framework of a regional programme) supported the establishment of a bilateral body providing childcare services.

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guarantees in terms of short-time working schemes and unemployment benefits; trade unions can retain influence through joint bodies in sectors where they have traditionally always been weak.

Italian bilateral funds, therefore, constitute an example of a hybrid instrument subject to complex governance (cf. Pavolini *et al.* (2016), Table 2 and Table 6 in the Annex). The state legislates on Bilateral Solidarity Funds and incentivises occupational welfare provision through public resources; social partners set up such funds, the rules of which are established by partner agreements; regions interact with them and may attract and use European resources.

Table 2: The governance of Bilateral Bodies and Bilateral Funds in Italy

Dimensions	***Main actors***
Regulation	State: framework regulation that makes benefits mandatory Social partners: more in-depth regulation through bilateral agreements
Administration	Social partners: interaction with regions and local authorities
Financing	Social partners: own contributions State: fiscal incentives EU funding: ESF

Source: authors' own elaboration.

4. Evidence of the changing governance of occupational pensions: the UK and Belgium

This section focuses on occupational pension schemes. Again, national cases have been selected from the nine PROWELFARE case studies which are particularly suited to highlighting multi-level/multi-actor interactions. First, the United Kingdom, where the state plays an active role in regulating enrolment in second pillar schemes and goes as far as to compete in the market with a scheme of its own. Second, Belgium, with a focus on the Law on Supplementary Pensions (or 'Vandenbroucke law') and on the implementation of the EU Directive on Institutions for Occupational Retirement Provision (IORPs).

4.1 United Kingdom: intrusive state regulation of occupational pensions ([10])

The UK is a paradigmatic example of a multi-pillar pension system. Pensioners' income largely depends on supplementary pension funds, be they occupational funds (second pillar) or individual schemes (third pillar). While the key role of pension funds is a long-term characteristic of the British pension system, these have received a new impulse since the 1980s. At the same time, coverage remains uneven and some economic and occupational groups are still excluded from the system.

The UK is often quoted as the archetypical case of pension privatisation. Yet reforms in the last decades have shown a persistent if not growing role of the state in the regulation of pension funds and the administration of schemes to address the most evident inefficiencies of the market. This is evidence of the multiplicity of roles played by the state and of its interaction with other actors, as part of the abovementioned 'welfare chain'.

With respect to the regulation of pension funds, after the deregulation under Margaret Thatcher and the creation of personal pensions in the 1980s, major scandals hit both occupational and personal schemes in the following decade, thus leading to greater regulation from the state (Naczyk 2016). As a consequence, the state updated the regulatory framework for funded pensions. The Pensions Act 1995 improved the accountability of pension fund boards by requiring that at least one third of trustees be elected by scheme members. Secondly, it defined more clearly the civil and criminal penalties incurred by trustees for the mismanagement of a fund. Third, it established a new Occupational Pensions Regulatory Authority and a Pension Ombudsman with greater competence to monitor pension funds. Moreover, the government introduced a minimum funding requirement for all defined-benefit occupational schemes. Finally, the Act set up

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10. This section draws heavily on Naczyk M. (2016).

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a compensation fund to indemnify scheme members suffering from a scheme's insolvency, fraud or theft. In 1997, state supervision over the insurance industry was reinforced through the creation of the Financial Services Authority. In addition, the Welfare Reform and Pensions Act 1999 created 'stakeholder pension schemes', similar to personal pensions but bound by a number of minimum requirements, ranging from management charges to representation. Further regulatory changes were introduced through the Pensions Act 2004.

Since the creation of stakeholder pensions, a variegated landscape of schemes has characterised the UK's pension system. Alongside occupational pension schemes (set up under a Trust ([11])), group personal and stakeholder schemes (in which the contract is signed between an individual and a financial institution, but is facilitated by the employer) also fall under the definition of 'workplace pension schemes'. Growing regulation of funds, together with a shift towards defined contribution (DC) schemes, caused workplace pension coverage to fall to an all-time low of 46% in 2012, without any counterbalancing from meagre statutory schemes. Such developments called for the necessity of auto-enrolment in workplace pension schemes.

4.1.1 Auto-enrolment in workplace pension schemes

Auto-enrolment was introduced though the Pensions Act 2008 in order to counter the ongoing decrease in workplace pension coverage. This principle means that, starting from 2012-2018 (depending on a firm's size), all employers are obliged to auto-enrol their workers in workplace pension schemes financed by contributions of at least 8% of employees' gross wages, with at least 4% paid by the employee, 3% by the employer and 1% by the state. Workers can opt out of their employer's scheme; yet, if they are still eligible, they are automatically re-enrolled after a three-year period (Naczyk 2016).

In spite of their relative weakness, trade unions played a role in pressing for legislation on compulsory membership of occupational schemes. This is one demonstration of the interplay between state and trade unions in the setting-up of quasi-mandatory occupational schemes (which unions oppose in most countries) in the absence of a statutory scheme that can grant an acceptable level of adequacy. The introduction of auto-enrolment equally flags a come-back of the state in the pension field outside of the customary first pillar. However, the principle of auto-enrolment alone would not have been spared criticism, as the level of fees charged by private pension providers had made workplace schemes costly and most detrimental for low-income earners. In order to address such concerns, the Pensions Act 2008, along with the principle of

11. A Trust is a legal arrangement under which pension assets are held in a trust fund for the sole benefit of the members of the scheme and their dependents. The main reason for separating the scheme's assets from the employer's business is to ensure that such assets will be available independently from the employer staying in business.

auto-enrolment, also set in motion the creation of the National Employment Savings Trust (NEST), which we discuss in section 4.1.3.

4.1.2 Occupational pension administration: from trusts to external assets managers

When considering administrative aspects, trusts (a pool of money from employers and employees that is used to pay for employees' pensions) were the traditional administrative form of the British occupational schemes. Since most employers traditionally set up occupational schemes unilaterally, they also had the right to appoint the schemes' trustees ([12]). This situation led to a reaction from trade unions which, since the 1990s, tried to have a greater say in the administration of the funds: though they never gained the right to appoint trust members, they increasingly tried to gain expertise in monitoring the management of occupational schemes.

In parallel with the increasing involvement of the financial services' industry in the management of pension schemes, a form of administrative alternative to trusts developed from the 1990s. Employers gradually outsourced the management of plan assets to insurance companies, reinforcing a tendency to use direct contractual relationships between the insured persons and service providers, thus making the concept of 'trust' less legitimate (a tendency which had already started with the creation of personal pensions in the 1980s). This development has led to the opening-up of the pension market to new actors such as asset management companies controlled by banks. As reported in this section, in the late 1990s a number of government interventions were needed in order to resolve or attenuate scandals and shortcomings related to this form of administration of pension funds, such as the creation of the Financial Services authority, tasked with the supervision of the insurance industry and the introduction of stakeholder pensions.

4.1.3 The National Employment Savings Trust

The National Employment Savings Trust (NEST), set up by the Pensions Act 2008, is a defined-contribution workplace pension scheme designed to facilitate automatic enrolment. Due to its public service obligation, any UK employer can use the NEST to fulfil the workplace requirements set out in the Pensions Act. NEST is free of charge for the employer. As for the scheme members, they are usually charged an annual management fee of 0.3% of the total value of a member's fund, plus a contribution charge of 1.8% on each new contribution to a member's 'retirement pot'. This makes for very low management fees. The NEST thus enables low-income earners to enrol in a non-detrimental workplace pension scheme.

12. As mentioned above, it was only after the Pensions Act in 1995 that beneficiaries gained the right to appoint at least one-third of the members of trustees' boards.

The low-cost nature of this government workplace pension is also aimed at setting new standards and incentivising other providers to lower their fees through competition. Indeed, despite its public service obligation, the NEST is able to compete in a market traditionally dominated by trust-based schemes and insurance companies. One interesting player in this market is 'NOW: Pensions', a low-cost, trust-based workplace pension provider created for the British market by the Danish provider ATP (Labour Market Supplementary Pension), one of the biggest pension funds in Europe. Therefore, competition within the British funded pillars involves an increasing number of competitors, either private or public.

4.1.4 The financing of occupational pensions schemes

As mentioned above, occupational pensions schemes are typically financed through a combination of employers' and employees' contributions, with the former generally playing a bigger role. This said, the state also plays a role through fiscal welfare insofar as income tax relief exists, attenuating the weight of contributions, especially for the employers' side. Indeed, as reported by Naczyk (2016), in 2012-2013 income tax relief on occupational pension scheme contributions amounted to 4.2 billion pounds sterling for employee contributions while it reached 18.4 billion pounds for employer contributions. A second issue, only partially addressed by the creation of stakeholder pensions, concerns the high management fees charged by private pension providers. As reported above, in order to address this shortcoming, the National Employment Savings Trust was created through the 2008 Pensions Act.

In sum, the UK case indicates the state's ability to weave a web of interactions (both horizontal and vertical) with a multiplicity of actors (public and private, domestic and foreign) in the field of pensions. This reaches well beyond the first pillar. Not only did the state legislate so as to regulate non-statutory pension schemes; it also implemented quasi-mandatory schemes within the second pillar through the principle of automatic enrolment in order to counter decreasing coverage; and it has established a workplace pension scheme of its own, capable of competing against a swarm of private funds, and even against foreign-held pension providers new to the British market. The complex governance of occupational pension schemes in the UK is summarised in Table 3 below.

Table 3: The governance of occupational pension schemes in the UK

Dimensions	***Main actors***
Regulation	State Social partners (lobbying)
Administration	State (NEST) Social partners External asset managers (great variety of actors)
Financing	Employers' and employees' contributions State (fiscal incentives)

Source: authors' own elaboration.

4.2 Belgium: true multi-level governance of occupational pension funds ([13])

Belgian pensions are a typical example of a social insurance system. Yet, since the 1980s, cost containment has led to a decline in the replacement rate of public benefits. This has contributed to the expansion of occupational pensions. Belgium has a multi-level system of regulation based on national regulation: the 2003 Law on Supplementary Pensions (also known by its Belgian abbreviation WAP or the Vandenbroucke Law) and EU legislation (Directive 2003/41/EC on the activities and supervision of Institutions for Occupational Retirement Provision, IORPs ([14]). These demonstrate that occupational pensions are at the core of a 'chain' of rules and administrative tasks.

4.2.1 The multi-level regulation of Belgian pension funds

The first piece of legislation we refer to is the Vandenbroucke Law, which aims at strengthening the second pillar and providing a unified framework for all supplementary pension schemes. It also tries to make them accessible to the largest number of employees, by providing fiscal incentives and embedding elements of solidarity between funds' affiliates (Ghailani and Peña-Casas 2016). For instance, so-called 'social pension plans' are exempted from insurance tax on contributions, but they must meet strict requirements regarding the application of the plan to all employees of the firm/sector, the redistribution of profits, the inclusion of elements of solidarity, and the presence of collective labour agreements. Moreover, the Vandenbroucke Law gives social partners at both company and sector level extensive room for manoeuvre to set up and manage such schemes.

The Vandenbroucke Law regulates a number of aspects concerning supplementary occupational pension plans: coverage, waiting period, vesting, mandatory return. At sector level, it is up to the social partners within the relevant joint commission to set up and regulate supplementary pension schemes, while at company level these are controlled through existing consultative bodies or the union delegation. The pension scheme can be enacted either in a collective agreement or via the company's labour regulations. Firm-based individual schemes cannot be set up in the absence of a pre-existing inclusive collective scheme.

The Law of 27 October 2006, transposing the abovementioned IORP Directive, is a further key measure. The IORPs Directive introduces a 'European passport' for authorised Institutions for

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13. This section draws heavily on Ghailani and Peña-Casas (2016).
14. The Directive was transposed into Belgian legislation through the Law of 27 October 2006 on the supervision of institutions for occupational retirement provision, Belgian Official Gazette 10 November 2006, 60162.

Occupational Retirement Provision, recognising their freedom to provide cross-border services anywhere in the Union. Two reciprocal obligations stem from this recognition: firstly, Member states must allow undertakings located in their territories to sponsor authorised IORPs located in other Member states; secondly, they must allow domestic IORPs to accept sponsorship from undertakings located in other territories. Moreover, rules are established for supervision and authorisation procedures (Guardiancich 2011). The aim of the directive is to harmonise European rules and pave the way for pan-European pensions. The main obstacles to the full implementation of these rules are the presence of different social and labour legislation to be complied with across countries, and also the incomplete harmonisation of tax regimes. Yet by devising a special entity in the Law of 27 October 2006, Belgium overcame such stumbling blocks. Indeed, the Law of 27 October 2006 has gone a step further than the European legislation, taking the opportunity to develop a coherent and autonomous legislative framework for Belgian-based pension funds. One of the most prominent features of the Law is the creation of a new legal entity: the Organism for the Financing of Pensions (OFP). Pension funds established in Belgium must take this legal form. OFPs are required to apply and obtain an IORP authorisation ([15]) from the Financial Services and Market Authority (FSMA) before they can start acting as pension funds.

OFPs benefit from a number of facilities. They are bound by qualitative rules, as opposed to quantitative rules, in relation to investment and management, which allows them to have virtually no restrictions as long as a 'prudential principle' ([16]) is respected; this makes OFPs flexible and able to adapt to different countries. In addition, the OFP enjoys a favourable tax regime: provided that it avoids being taxed on non-deductible costs, and that the extensive foreign investments are well-chosen or well-structured, an OFP can aim at overall zero taxation. In terms of international taxation, OFPs benefit from the existence of a vast number of Belgian tax treaties to avoid dual taxation ([17]). Moreover, OFPs can comply with different requirements in the host country's social and labour legislations by setting up social committees whose powers and functioning can be decided upon by the parties involved. No legal requirements other than the establishment of a written document are imposed by Belgian law.

These features of OFPs have paved the way for Belgium to become a magnet for international IORPs. On October 1st 2015, there were 14 IORPs pursuing cross-border activity in 11 countries: Switzerland and 10 EU Member states, among which Belgium. The choice made by the *Fonds de Pensions Nestlé* OFP, a Belgian pan-European pension fund established through implementation of

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15. The authorisation requires the submission of documents such as bylaws, the financing plan, the statement of investment policy principles, and a description of the pension plans that the OFP intends to administer.
16. Assets are to be invested prudently, in line with the investment policy defined in the statement of investment policy principles (SIP).
17. See https://ec.europa.eu/taxation_customs/individuals/personal-taxation/treaties-avoidance-double-taxation-concluded-member-states_en

the IORP Directive, confirmed Belgium's attractiveness in this field. In 2009, the fund insured Alcon's (an American global medical company) local workforce in the Netherlands while choosing Belgium as its home state. As explained by Guardiancich and Jessoula (2015), Belgium's IORP vehicle OFP was subject to extensive prudential rules and offered a flexible legal structure that provided innovative solutions to overcome the usual hurdles to pan-European pensions, thus making it the first choice over veteran states such as UK and Ireland ([18]).

Indeed, the Belgian implementation of the IORP Directive through the creation of OFPs is an example of the vertical interplay between European directives and national legislation. Moreover, use of an innovative instrument such as the OFP makes it possible to overcome obstacles to the creation of pan-European funds, including the major issues of social and labour regulation, which in the specific case of Belgium are usually set through collective agreement at sector or company level.

4.2.2 The administration of Belgian pension funds

Complementary pension schemes can be administered either by an insurance group or by an institution for occupational retirement provision (IORP). Since 1 January 2007, IORPs are governed by the Law of 27 October 2006, which grants them more management freedom. These institutions are answerable to the Financial Services and Market Authority. According to Belgium's financial regulatory agency, 75% of sectoral pension schemes are managed by an insurance group, covering 60% of workers with a supplementary pension (FSMA 2015). This choice tends to be preferred by unions and employers due to its guarantees in terms of return, solvency, and complete service from the insurer (Assuralia 2009).

Moreover, the Vandenbroucke Law put a strong emphasis on the governance of complementary pension funds (now IORPs): in all cases but two – ordinary firm-based plans without workers' financial participation and in the absence of a social dialogue body within the company – 50% of board members must be staff representatives. When the organisation of the pension plan is entrusted instead to an insurance company, there is no joint management obligation, but there

18. The freedom and flexibility that IORPs enjoy may in the future be subject to more stringent regulation. In 2011, the European Commission submitted a call for advice to the European Insurance and Occupational Pensions Authority (EIOPA) on improvement of the IORP Directive, including the introduction of risk-based minimum solvency capital requirements. According to the European Central Bank (2014), the mere possibility of increasing regulation may already be affecting IORPs' portfolio choices; however, it is not clear whether this could translate into less risky investments: in fact, IORPs 'have other adaptation avenues […] for example, exacerbating trends toward DC schemes' (ECB 2014). Others fear that new requirements would take capital away from the private sector, resulting in long-term damage to the economy (Joseph *et al.* 2012). Independently of the positive or adverse effect that further regulation may have on European IORPs, there is a clear possibility of additional vertical interactions looming over the horizon.

exists an obligation to establish a monitoring committee, half of whose members are staff members.

4.2.3 Funding Belgian occupational pensions

Concerning funding, contributions can be paid by both employers and employees. Only employers contribute to the majority of sectoral schemes, while in the case of company plans employees are often required to make a small contribution (about 1% or 2% of their wage). According to the Vandenbroucke Law, the employer must guarantee a minimum return of 3.25% on all employee contributions; in turn, employers' contributions to defined contribution (DC) and cash balance plans must have a minimum return of 3.75%. This requirement has recently been revised in the light of ever-lower interest rates, after social partners reached an agreement: minimum returns will be set annually, with a lower limit set at 1.75%, and a ceiling set at 3.75%. Table 4 and Table 8 in Annex provide a summary of the complex governance of Belgian occupational pension funds.

Table 4: The governance of Belgian occupational pensions

Dimensions	***Main actors***
Regulation	State: in-depth regulation European Union: IORP Directive Social partners: bilateral agreements; unilateral company decision
Administration	Social partners External management
Financing	Employers and employees' contribution State: fiscal incentives

Source: authors' own elaboration.

To sum up, the Belgian case demonstrates that the state can intervene – either directly or indirectly – in the regulation, management and funding of second pillar schemes. In Belgium, contrary to the situation in the UK, social partners play a major role, in line with the Belgian tradition of social partnership. But still the system was first established in law. Private funds, insurance companies and market odds also play a role in this multiplicity of horizontal interactions. With regard to vertical relations and the implementation of European directives, the case of pan-European pensions and the Law of 27 October 2006 is of utmost interest.

5. Conclusion

This comparative analysis of unemployment and pensions schemes in four countries has shown that OW schemes are at the core of intense interaction between a number of actors, public and non-public players. While trade unions and employers play a crucial role in the regulation, administration and funding of benefits and/or services, they work side by side with a multitude of actors. Both public authorities and market forces compete with the social partners and challenge their tasks and role.

The state, on the one hand, is not retreating from social and labour protection. Rather, there is evidence of a changing but strong role. This is true for pensions where, as evidenced in Belgium, the spread of occupational pensions is largely derived from the attempts by government to redesign the multi-pillar pension system. This is also the case in the UK, where the inefficiencies in the pension market (e.g. high administrative costs; low coverage) have led the state to return to the field, changing the voluntary nature of occupational pensions and competing with the market providers with a low-cost scheme. Unemployment-related schemes provide further evidence of the complex chain of welfare provision. The regulation/administration of occupational schemes is a clear example of multi-level governance. EU structural funds are used to finance new forms of intervention, with a mix of passive and active measures to prevent the risk of unemployment. This implies the involvement of regional authorities and a complex network of rules provided by legislation and collective agreements. Such is the case of the Austrian Labour Foundations, which in many respects are a borderline case, somewhere between statutory and occupational programmes. Italian Bilateral funds confirm the interaction of social partners and the state, with the latter playing a key role to incentivise or even force trade unions and employers to agree on new forms of unemployment protection.

All in all, occupational welfare demonstrates that workers' social rights are at the core of a 'welfare chain', rather than being part of a social division between state, market and social actors. The state, market forces and the social partners coexist, support and tussle with each other to regulate and manage social and labour market programmes. Different actors address simultaneously the same social risks. In a cooperative way, as in the case of unemployment-related schemes in Austria, the state provides the broad regulations, which are then followed by more precise rules set at sectoral or firm level through collective agreements. In some other cases, such as UK pensions, the state competes with private providers to help reduce administrative fees. In still other cases, in Italy and the UK, the state transforms occupational programmes into quasi-mandatory schemes in order to provide more effective and widespread protection with no additional costs for the public budget. In Belgium, the state, the EU, the market and social partners co-regulate occupational pensions.

While the concept of 'welfare chain' – the complex, intense and strategic interaction of different interdependent actors and institutions in both the regulation and administration of social and labour market policies – needs further elaboration, it seems a promising tool for the analysis of a single institutional device of welfare provision.

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Annex. Governing occupational pensions and unemployment benefits in Austria, Italy, the UK and Belgium

Table 5: Austrian Unemployment-related protection

Programme	***Function/ Phase***	***Role of:***			
		EU	***Federal government***	***Länder/Local authorities***	***Social partners***
Labour Foundations	Regulatory		The government facilitated the establishment of sectoral labour foundations through labour market stimulus packages (*Arbeitsmarktpaket* I and II) and provided a legal basis for addressing target groups such as young people. Social partner agreements to set up a labour foundation must be followed by PES approval. Eligibility conditions must be met.	In the case of insolvency foundations, it is often regional or local authorities that launch the foundation.	Most labour foundations are designed by social partners, either through a sectoral or company-level agreement.
	Management			Administrative structure of labour foundations includes the companies involved (+ works council), PES, social partners and local authorities.	Administrative structure of labour foundations includes the companies involved (+ works council), PES, social partners and local authorities.
	Financing	The ESF contributed more than € 1.1 billion, both at national and Länder level. To a lesser extent, the European Globalisation Adjustment Fund also participated.	All types of labour foundations can be partly funded ([19]) through the UI budget, managed by the PES. Government helped set up labour foundations through labour market stimulus packages.	In the case of regional foundations, local authorities are involved in funding. Länder may mobilise EU funds.	In sectoral foundations, social partners contribute to funding.

Source: authors' own elaboration.

19. Co-financing ranges between 35% and 60%.

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Table 6: The Italian Bilateral Bodies

Programme	Function/ Phase	Role of			
		EU	State	Social partners	Regions
Bilateral Bodies Bilateral Solidarity Funds	Regulatory		Both the Law 92/2012 and the Jobs Act set regulatory stan dards. Within this framework, social partners can jointly agree on regulation.	Bilateral Solidarity Funds have to be created through sector or multi-sector agreements. They are jointly self-regulated and are governed by private law, albeit strongly supported by the law.	The establishment of bilateral bodies is often agreed at regional or local level. Regions and local actors can involve bilateral bodies in their projects.
	Management			Bilateral funds are jointly self-financed. To guarantee accountability and transparency in governance, protocols and codes of conduct can be signed by the SPs.	
	Funding	The ESF grants resources to the regions in order for them to finance the wage redundancy fund in derogation (linked to the absence of bilateral funds). Bilateral solidarity funds may finance training or re-training programmes in combination with European funds.	The state provides tax benefits for occupational welfare. Bilateral solidarity funds may access public resources.	Social partners can agree on the level of contributions to the fund. 2/3 are financed by employers and 1/3 by workers. The law sets minimum contribution levels ([20]).	Regions can mobilise European resources to finance wage redundancy fund in derogation.

Source: authors' own elaboration.

20. According to the most recent legislation, the contribution cannot be below 0.45% in firms with less than 15 employees, and 0.65% over this threshold.

Table 7: UK Occupational pensions

Programme	***Function/ Phase***	***Role of:***		
		State	***Social partners***	***Private funds/ insurance companies***
Workplace Pension Scheme	Regulatory	The state established a binding regulatory framework. Pensions Act 1995 defined trust board composition, penalties for fraud and minimum funding requirement. In 1997 the Financial Service Authority was created. In 1999 stakeholder pensions were created. Further regulation in Pensions Act 2004 ([21]). Pensions Act 2008 introduced auto-enrolment and established NEST.		
	Management	NEST's trustee is the NEST Corporation, an executive non-departmental public body sponsored by the Department for Work and Pensions, run on a non-profit basis.	No formal obligation to include social partners in the management of pension schemes. Some schemes may however include them ([22]).	In trust-based schemes, at least one third of board trustees must be elected by scheme members (Pensions Act 1995). Group personal pension schemes benefit from more discretion ([23]).
	Financing	The state partly finances workplace schemes through a rebate in national insurance contributions ([24]).		

Source: authors' own elaboration.

21. The Pensions Act 2004 introduced two new regulatory institutions: the Pension Regulator, with powers to require sponsoring companies to make contributions to ensure scheme funding objectives are met; and the Pension Protection Fund, able to inherit pension liabilities from a pension scheme if the sponsoring company becomes insolvent.
22. In the DHL Voyager Pension Scheme, for instance, trade union members are elected as member-nominated trustees.
23. The Jaguar and Land Rover DC Fund, for instance, is provided and managed by Zurich Assurance Ltd.
24. According to the Pensions Act 2008, all employers will have a duty to auto-enrol their workers in workplace pension schemes financed through contributions of at least 8% of employees' gross wages, with at least 4% paid by the employee, 3% by the employer, and 1% paid by the state.

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Table 8: Belgian Occupational Pensions

Programme	Function/ Phase	Role of:			
		EU	State	Social partners	Funds/ Insurance Company plans
Complementary Pension Scheme	Regulatory	European Directive 2003/41/EC on IORPs introduced a 'European passport' for authorised IORPS by recognising their freedom to provide cross-border services anywhere in the Union.	Vandenbroucke Law extensively regulates second pillar schemes: coverage, waiting period, vesting, mandatory return. Social Pension Plans are defined. Since 1 January 2007, IORPs are regulated through the Law of 27 October 2006, which grants them more freedom. However, it is specified that half of board members must be staff representatives.	At sector level, it is up to the social partners within the relevant joint commission to set up and regulate supplementary pension schemes, while at company level these are controlled through existing consultative bodies or the union delegation. Therefore, schemes can be enacted either through collective agreement or via the company's labour regulation.	All pension plans must comply with Belgian laws. However, in the case of Organisms for the Financing of Pensions (OFPs) based in Belgium but operating abroad, they can comply with requirements differing from the host country's social and labour legislation by setting up social committees whose powers and functioning can be decided upon by the parties involved.
	Management			Social partners (staff representatives) are involved either in joint management boards (in the case of IORPs ([25])), or in monitoring committees (insurance companies).	There are no legal restrictions on the board of directors of plans by insurance companies. However, such plans must provide a minimum return. OFPs must consist of at least two bodies: a general assembly and board of directors. The latter is obliged by Belgian law to include at least 50% staff representatives. However, OFPs have contractual freedom: in any host country, parties setting up the OFP can structure it according to their own wishes, provided the dual structure is complied with. IORPs also have no quantitative restrictions on investment (prudential principle) ([26]).
	Funding		Contributions to Social Pension Plans are exempt from insurance tax (OFPs can basically aim at zero overall taxation.)	Usually, social partners set the level of contribution through collective agreement. Often contributions are paid by employers only, but in company plans employees often make small contributions.	In the case of IORPs, funding is defined in the Financing Plan.

Source: authors' own elaboration.

25. In two cases, the IORP shall not establish joint management within its board of directors: in the case of ordinary firm-based plans without workers' financial participation, and in the absence of a social dialogue body within the company.
26. The only exception is the prohibition to invest in sponsoring undertakings more than 5% of the portfolio, or 10% in the case of a group.