This coordination practice focuses on the establishment of a new welfare administration and one-stop shops for welfare and employment services in Norway in 2006. The reform was one of the largest public sector reforms in recent Norwegian history. It merged the employment and national insurance administrations, and implied a more formal collaboration between the new state administration and the local government social services administration through the establishment of partnership arrangements. The aims of the reform was to create more jobs, to make the administration more user-friendly, holistic and more efficient.
Preface

This coordination practice is a result of research within COCOPS Work Package 5: The Governance of Social Cohesion: Innovative Coordination Practices in Public Management.

The research leading to these results has received funding from the European Union’s Seventh Framework Programme under grant agreement No. 266887 (Project COCOPS), Socio-economic Sciences and Humanities.

The COCOPS project (Coordinating for Cohesion in the Public Sector of the Future) seeks to comparatively and quantitatively assess the impact of New Public Management style reforms in European countries, drawing on a team of European public administration scholars from 11 universities in 10 countries.

The specific objectives of Work Package 5 are:

- To search and identify emerging coordination practices and related steering instruments in public management in European public sectors.
- To compile a case study catalogue of such coordination practices with direct utility to public managers and the research community.
- To analyse the functioning of such coordination practices and to assess their value in countering public sector fragmentation and delivering public value.

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## 1. THE COORDINATION LANDSCAPE

<table>
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<th>Main country characteristics: NORWAY</th>
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<td><strong>General political-administrative structure</strong></td>
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Coordination discourse

Coordination is a central theme in Norwegian public policy and administration, within central administration, at other administrative levels and within specific policy areas. Norway has seen several large reforms over the last few years aiming to deal with problems associated with increasing specialisation and institutional fragmentation in the public sector, and with what has been called “wicked”, cross-cutting policy problems that cross organisational boundaries and administrative levels. A large welfare reform (the NAV reform), a hospital reform, a coordination reform in the health sector, and a pensions reform are recent examples of new initiatives to improve coordination within the public sector in Norway. Typical initiatives have been the restructuring of existing agencies or the establishment of new ones, and increasing management by objectives and results. After the terrorist attacks in Oslo and on Utøya in 2011, there has been increasing debate concerning coordination for crisis management and internal security and safety. Coordination is also a central theme within other policy areas, such as environmental protection and climate change.

The reforms aim at better coordination both within the horizontal and the vertical dimensions. They are aimed at strengthening the steering capacity of the state and its administration, to improve effectiveness, efficiency and service delivery. Finding a balance between territorial and sectoral specialisation and between coordination by hierarchy and by networks is a constant challenge. The reform initiatives range from large institutional mergers and coordination of services and administrative systems across levels and sectors, to the establishment of more informal networks and arrangements within or between different organisations in singular sectors. However, the high ambitions of many such reforms have been modified or partly reversed over time.

Policy area

Norway has a generally low unemployment rate. The level of labour-market participation is high, also among women and the elderly. The Norwegian welfare state is also among the most comprehensive and universal in the world. Norway is among the countries least affected by the recent global financial crisis and did not face a fiscal crisis similar to other European countries in the 2000s.

The reform of the Norwegian Labour and Welfare Organisation (NAV) in 2006 represents one of the largest public-sector reforms in recent Norwegian history. The aim was to increase work participation and to make the administration more user-friendly, holistic and efficient. NAV administers about one third of the Norwegian national budget.

At the central state level, the NAV reform merged the employment and national insurance administrations into a new labour and welfare service (NAV-etaten). The reform implied more formal collaboration between the new state administration and the local-government social-services administration, and the creation of “one-stop shops” in the local
authorities. A central component of the reform was the introduction of a mandatory partnership between the central state and local government.

Staff from the Norwegian Labour and Welfare Service and the local authority work together at the different NAV offices. This includes both offices in the municipalities and state offices in the 19 counties. The state component is called the Labour and Welfare Service. The Labour and Welfare Organisation include employees in the municipalities. The Norwegian Labour and Welfare Service, the state-owned part of NAV, has a staff of about 14,000. In addition, about 3000 are employed by the local authorities.

Beyond centrally decided minimum requirements, the services provided by a NAV office varies from local authority to local authority. Minimum services include services formerly provided by the National Insurance Service and the Norwegian Directorate for Labour: unemployment benefits, rehabilitation, pensions, child benefits, cash benefits, advice and follow-up, occupational rehabilitation, sickness benefits, aids/appliances and more and financial social help from the local authority.

The Directorate of Labour and Welfare is the central government agency/directorate for NAV under the Ministry of Labour and Welfare. It supervises and supports the Labour and Welfare Service and Administration. NAV is divided into two organisational lines: the county line and the special units. The county line includes 19 county offices, 457 local NAV offices, the NAV Administration and other specialised county units (NAV Forvaltning), NAV Arbeidslivssenter/Workplace Support Centre, NAV Arbeidsrådgivning/ Employment Counseling (all with leaders at county level). The special-units line includes 57 special units organised in 6 general areas, each with a head of section.

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| 2. COORDINATION PRACTICE: Coordinating Norwegian welfare: The NAV reform |
|-----------------------------|---------------------------------|
| 2.1. Substance | |
| Country | Norway |
| Area | Employment |
| Main characteristics of the practice | In 2006, a reform of the Norwegian Labour and Welfare Administration was launched. The reform had two main elements. First, it merged two state-level administrations – national insurance and employment, and municipal social services into a new labour and welfare service (NAV). Second, it launched a formal collaboration between the state and local authorities (municipalities) through the establishment of a new and coordinated front-line service: One-stop shops for social welfare, also called local NAV offices, |

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The one-stop shops were established to coordinate national insurance or pensions, employment and social services. To the clients, or users, they were designed to appear as a single entrance to the employment and welfare-administration services. Multiple service users were a particular important target group.

The one-stop shops were to coordinate a range of different state and municipal benefit schemes, including pensions, unemployment benefits, cash benefits, disability benefits, family allowances, maternity leave and rehabilitation. Internally, they were to create a new profession of generalist case-workers and lines of responsibility crossing the previous separate services providing pensions, employment and social services.

The establishment of the one-stop shops represented both horizontal and vertical coordination. Horizontally, it merged services (pensions, employment and social security) that were previously separate. Vertically, it created a partnership between the state (responsible for pensions and employment services) and the municipalities (responsible for social services). The reform had a clearly holistic, integrating ambition focusing on coordination issues.

The establishment of the one-stop shops was part of a larger reform – the New Employment and Welfare Administration reform (The NAV reform). The reform merged the national administrations for pensions and employment, represented by the Norwegian National Insurance Service (Trygdeetaten) and the Norwegian Labour Market Services (Aetat), into a new Employment and Welfare Administration (NAV). The one-stop shops were established as the local offices of the new administration.

The overall goals of the NAV reform were:

1. To increase the working population and diminish the population living off social/welfare benefits (work orientation);
2. To make services more accessible and adjusted to citizens’ needs (user orientation);
3. To create a coherent and efficient employment and welfare administration.

Through work orientation, the main aim was to move people from passive beneficiaries into work and activity. User orientation indicated giving users more influence on how the services were formed, and provide services that were adjusted to the individual user. More efficiency was related to economy of scale and an expectation that a stronger coordination between the services would prevent overlap.

| Background and initiation of the practice | The establishment of the one-stop shops was a result of a major reform: “The NAV reform”, initiated in 2001 and adopted in 2005. This reform was the largest sectorial merger ever to have taken place in the Norwegian |
central administration.

The holistic aspect of the reform was central. One of the major challenges for the welfare services before 2001 was a fragmented structure of measures combined with an institutional fragmentation. Users with complex problems, so-called multi service users, were the main target of the reform. By merging central institutions that were located in different ministries, different agencies and at different administrative levels, the general idea was to better coordinate services to clients or users receiving benefits from multiple schemes.

The resulting partnership between the state and the municipalities was regulated through the Legal Act on the Employment and Welfare Administration and The Regulation on Framework for Delegation Between the State and Local Authority Regarding Task Performance in Local Employment and Welfare Offices. They established and regulate the organisation and tasks of the central Employment and Welfare agency as well as the local one-stop shops.

The establishment of the one-stop shops was a result of a long process initiated by the Norwegian Parliament (Stortinget). The merger finally decided on was a watered-down version of the original plan, however. Initially, the locally based social services were to be included within the new structure. This proved politically difficult, and social services therefore remain a responsibility for the local authorities within the local NAV offices.

The reform was partly reorganised in 2008, when six regional pension units, special units for complaints, foreign affairs, control and physical aid, and 37 administrative units in 19 counties were established. The reform transferred tasks as well as staff from the local to the regional level, resulting in a move towards re-specialisation.

| Time frame | The comprehensive reform of the employment and welfare administration and the establishment of one-stop shops were initiated in 2001, adopted in 2005, and after an interim period of a year began implementation from 2006 through 2011. The first one-stop shops were established in 2006, and by 2011 one-stop shops were established in all 429 municipalities of Norway. By 2011, the one-stop shops were fully implemented. The first 20 (pilot) NAV offices were established in 19 counties in 2006. The last of 457 offices was officially opened in April 2011. Some more densely populated municipalities have more than one office, while other less densely populated ones share an office. |
| Basic features | The local one-stop shops were established at the municipal level. The larger organisation, the Norwegian Welfare and Labour Service (NAV), is represented at three administrative levels: the national, regional and local |
levels. At the national level, two central agencies for employment and pensions (The Directorate of Labour and the National Insurance Administration) were merged to form a new Directorate for Labour and Welfare. At the municipal level, the administration for social service was included. Together, the three services employed some 16,000 people at the state level in 2011. The state services were responsible for some €30 billion annually (a third of the total national budget). The municipal services are more difficult to quantify, but employed about 4000 people. All together NAV had roughly half the Norwegian population as their users or clients, serving about 2.8 million people.

The local NAV office was organised as a formal partnership between the merged employment and insurance administrations, a central governmental and state responsibility, and the social-services administration, which remained a local government responsibility within the new structure.

Participation in the partnership and the establishment of a local NAV office was made mandatory. Financial social assistance (social benefits) had to be included. The inclusion of other municipal social services was made optional, however. Although there was a considerable variance, nine out of ten offices opted to include non-mandatory municipal tasks.

The establishment of the NAV offices was made formal through written partnership agreements between the state (regional NAV office) and the municipality. The individual local agreements were based on a framework agreement of the Ministry of Employment and the Norwegian Association of Local and Regional Authorities (KS).

The partners in the agreement were physically located in the same office, but operating within different chains of command. The social services are subject to (popularly elected) local authorities, while the insurance and employment services are subject to regional NAV offices that are part of the central state administration.

The partnership agreements provide arrangements for localisation, internal organisation and a range of tasks. Which of the municipal tasks are mandatory, and which are voluntary, is regulated through the Legal Act on Social Services within the Employment and Welfare Administration. Initially the local office as a minimum had to provide economic social benefits and advice in addition to the state tasks (pensions and employment services). Later, also housing and debt counselling was added. Most municipalities add extra services. The optional municipal functions included in the partnerships vary substantially. The most common tasks added are treatment of alcohol and drug abuse, immigration/refugees, psychiatric health care and child welfare. Some partnerships have also evolved their own specific aims for the local one-stop shops. Joint premises were a requirement. A minority of the one-stop shops were co-located with other local government services.
A unitary management model, where one person is in charge of both the state and the municipal side for the partnership, was recommended, but not made mandatory. Nevertheless, the unitary model was implemented in 9 out of 10 cases. Most local offices have chosen an organisation that represents a continuation of their previous specialisation. A few have developed an organisational design based on integration of services, where different forms of specialisation were combined with interdisciplinarity and a matrix organisation. Most of the biggest cities have chosen a dual management model.

The establishment of the one-stop shops reallocated and changed the division of labour within the public sector through typical hierarchical means, by merging organisations. It established new, and changed existing lines of control. The arrangement also shared characteristics of a typical network arrangement, since some of the features of the local NAV offices were voluntary.

The establishment of the one-stop shops was mainly based on hierarchy, whereas the main goals were consciously designed and controlled from the top. Guidance, control and evaluation, as well as the role of government, was mainly top-down. At the same time, the arrangement was subject to both bureaucratic and political hierarchical control.

Isolated, the establishment of the one-stop shops can be seen to represent a joining-up at the base. However, the NAV reform also implied joining up at the top, through the establishment of the new Employment and Welfare administration under the Ministry of Labour. The establishment of the one-stop shops can be seen to represent ambiguous accountability relations whereas they report both to municipalities and to central government at the same time.

Ultimately, the establishment of NAV offices largely represents policy design from the top. It was a comprehensive and structural reform, mainly concerning service delivery to the public. No change in welfare policy was planned originally. A major pension reform was launched parallel to the implementation of the administrative reform, however. Other new measures have also been introduced. This includes the introduction of a new qualification programme and work-assessment allowance.

<table>
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<th>Main tools</th>
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<tr>
<td>The reform of the Norwegian employment and welfare administration and the establishment of one-stop shops within the local authorities represent a major structural reform mainly by use of organisational measures.</td>
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<tr>
<td>The establishment of the one-stop shops was mandatory and based on a formal arrangement. Therefore, participant autonomy can be considered as low. There was nevertheless some leeway considering which services to include at the local level, as well as internal organisation.</td>
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<tr>
<td>Proximity to citizens was one of the major concerns of the reform. The integration of the employment service, social-insurance service and parts of the local social-assistance service was to result in a formation of a</td>
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common generalist professional role, founded mostly in two of the main goals of the reform: work orientation and user orientation

The reorganisation also changed the system of how clients/users approached the welfare administration. The original reform introduced a “one-door” principle, implying one physical location. However, the 2008 reform brought about a “three-channel” strategy to reduce the number of clients/users showing up at the local office and introduced more Internet-and phone-based services.

Technological issues and e-government were central to the reform and the establishment of the NAV offices. One of the major challenges was the use and integration of separate ICT systems. Following the reorganisation in 2008, a new ICT system for pensions was introduced.

The NAV reform initiated public and political debate and criticism, partly media-driven. There was considerable dissatisfaction with case-work schedules and time limits, but the establishment of the one-stop shops themselves was not very controversial. However, internal dissatisfaction has been severe. One result was the reorganisation of the reform in 2008. The government also established expert groups to assess and evaluate the reform. A larger (academic) evaluation programme for the reform was launched in 2007 and runs until 2014.

The reform of the Norwegian employment and welfare administration is the largest ever in the Norwegian central administration and has demanded considerable resources, both in terms of budgets and personnel. The reform has involved costs related to the establishment of new ICT solutions, planning and reporting, development of services, training and education, marketing, localities, new staff and compensation for productivity loss throughout the implementation phase. The implementation of new ICT solutions alone was initially calculated to cost at least 1 billion NOK.

Main actors

Normally, the political and administrative executive in Norway (the Cabinet and/or ministries) initiates major reforms. In this case, the process started with an initiative from Parliament. The following government proposal did not go as far as the Parliament wanted and was rejected. A public commission was established and made a new proposal similar to the first one. Ultimately, the proposed organisational form was changed by the new Minister of Labour and Social Affairs to result in a partial merger, leaving responsibility for social services to local government but in a partnership with the merged central agencies.

The final arrangement of the one-stop shops and the partnership between state and local government is frequently seen as a compromise between central state and local government interests. The strong local government values of the Norwegian structure hindered the establishment of a fully merged state-governed office, leaving local government responsible for social services within the NAV office.
The Parliament played an important role in deciding to go ahead with the reform. In the implementation phase, the administration itself was a rather more important actor. A reform in 2008 established new units at the regional level, resulting in a new centralisation of tasks. This initiative was mainly driven through by centrally placed civil servants. Also, representatives from the Norwegian Association of Local and Regional Authorities (KS) were invited to participate in the implementation process. The involvement of politicians has been limited at the local level. Media attention has been substantial and largely critical.

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<th>2.3.</th>
<th>Impacts and effects</th>
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The reform is currently under evaluation, and the evaluation reports point in somewhat different directions. Both positive signs and major tensions are emphasised. However, reports from the evaluation mostly conclude that the reform cannot be claimed as an unqualified success. The reform idea to increase the capacity to handle crosscutting and “wicked” issues is still not fully implemented. There are still challenges connected to creating a coordinated front-line service with user-oriented employment and welfare offices. These challenges are related to a tension between roles and tasks, and professional competence and identity.

The NAV offices suffer under tensions between the state and the local level. On the one hand, the local political and administrative leaderships are worried that the state has the upper hand in the partnership, limiting local autonomy. On the other hand, they are rather satisfied with the local one-stop shops within their own communities.

Staff affected by the reform generally seems to support it and to think that one of its main achievements has been increased collaboration locally, an effect of the main structural changes. They also point to some negative signs, however, mostly related to increased complexity. Many have had to take on new tasks and acquire competencies that the new organisation has had problems providing. Another major challenge has been the enormous task of standardising the laws and rules of the three former sector administrations to form a single system. This concerns, for instance, structural solutions for case-work, wage systems and computer systems. It is also a challenge to create a new cultural identity based on three rather different, sector-based cultures with a long and separate previous history.

The establishment of the one-stop shops has resulted in a new distribution of competence. In the local offices, the generalist competence was emphasised, especially in the early phases of the reform. Later, specialist competence was moved to more specialised administrative regional units. Consequently, several important decisions concerning individual users are therefore not made by officers at the local office, but in the specialised units. At the same time, there has been a certain re-specialisation of tasks also at the local level.
The reorganisation in 2008 meant moving employees from the local offices up to the regional level, and largely a removal of pension services from the local level. This implied a weakening of resources in the local NAV offices, and the task portfolio of the one-stop shops was made both narrower and shallower. Also, the establishment of regional units and supplementing direct contact with call centres and Internet solutions decreased proximity to citizens even more.

So far there is little evidence to suggest any major impact on user satisfaction. One study shows that there is no difference in user satisfaction when one compares former users to new users. A more general finding is that the wider the range of services at local offices, the more user satisfaction. A preliminary conclusion is that the effect of a changed organisation is rather limited.

The success of the reform is also evaluated according to whether the result is more employment and fewer people on benefits. The results are preliminary, but point towards none, or only marginal effects. A conclusion is that the reform is still in an early and somewhat turbulent phase. Long-term effects are yet to be measured. As accountability relations have become more blurred and ambiguous, living up to the intentions and ambitions in the joined-up government approach seems difficult.

So far also the effects on efficiency are uncertain, mainly due to the great costs of implementing the reforms, but also because the reform agents had to accept that no employees should lose their jobs and that there should be a one-stop shop in every municipality.

### 2.4. Lessons learned and policy recommendations

Although evaluators frequently state that it is still too early to conclude, the establishment of one-stop shops for social welfare produced several potentially transposable lessons. Both the design and implementation process revealed that important challenges may well be expected when services with different cultures, goals and steering measures are to be coordinated or merged.

One lesson concerns the importance of context. In Norway, there is a constant tension between central state power and local authority and autonomy. The one-stop shops are based on fixed, regulated and binding cooperation between central and local government. Partnerships are laid down in local agreements between the regional NAV offices and individual municipalities, and they are not voluntary. However, there is a trade-off in partnership arrangements between the state’s need for standardisation and the municipalities’ need for local adaptation and flexibility. The central agency worked hard for a mandatory arrangement, a unitary management principle and a standardised task portfolio for the local front-line offices. In the end, the local authorities managed to keep at least some of their autonomy through a more flexible solution, allowing for some freedom in
terms of management model as well as task portfolio.

Also, unexpected environmental shocks in the throes of implementation might change things. When the financial crisis occurred in the midst of the reform, the organisation had to deal with rapidly rising unemployment. This exerted a great deal of pressure on the new organisation, as well as on the political environment surrounding the reform.

Further lessons concern the complexity of aims and goals of the reform. The three goals, work orientation, user orientation and efficiency, were difficult to unite. They were also emphasised differently, with rather more weight put on the goal of work orientation.

First, economy of scale was difficult to attain because the merger itself made the organisation very complex. Strong unions ensured that all employees kept their jobs after the reform. Second, the reorganisation in 2008 meant transferring people from the local level to regional pension units and county administrative units. At the same time, there was political pressure for establishing one one-stop shops in each of the 429 municipalities. This increased complexity and may also have undermined efficiency locally, while potentially boosting it at the regional level. This might in the last instance affect local clients or users.

Third, it proved difficult to develop the generalist case-worker role within the local NAV office, while at the same time attending to the demands of productivity and effectiveness. Many staff members saw their professional competency as being devaluated in this process.

Fourth, a reorganisation of how clients or users accessed the one-stop shops – from emphasis on one physical location to more phone/Internet services – resulted in less pressure on front-line staff, but at the same time hindered proximity to services and caseworkers.

In the first phase of integration, the new model did not create the expected effectiveness gains. A major difficulty was the integration of different ICT systems. A tendency towards re-specialisation at the local level was noted, especially in offices that went furthest in establishing a generalist model in the first place. The reorganisation in 2008 reinforced the trend towards re-specialisation.

Overall, the new organisation had problems delivering on the goal of user orientation because of complexity problems. Clients struggled to find their way around the new organisation and lost contact with their former caseworkers. Call centres were not working well, and ICT systems and staff struggled to achieve optimal coordination. Nevertheless, the main target group of clients addressed by the reform – the multi-service users, encompassing around 15 per cent of the clients – probably received better and more efficient service because of resulting coordination effects.

A sixth lesson concerns the legitimacy of and commitment to the new coordination practice. Preliminary research indicates that loyal and committed staff, willing to implement changes, is essential for the
successful implementation of a new coordination practice at all levels. Also, the flexibility of the staff and their willingness to adopt changes seems vital. The establishment of the one-stop shops in Norway was the result of a compromise where the central political and administrative leaders partly lost out to the Parliament. The reform was initially mainly decided against the will of the administrative leadership in the ministry and the former employment administration. This might explain the initial resistance and the following post-reform repositioning.

A seventh lesson concerns organisational learning and reform adjustment. A major reform like the one portrayed here, almost always requires adjustments. An organisation undergoing similar changes might benefit from an experience-based and continuous learning perspective through a “trial and error” approach, such as has been adopted in the case of the Norwegian NAV reform. On the other hand, the reorganisation of the reform has also added to the complexity of the arrangement.

An eighth lesson is that existing steering structures matter. Experience to date has shown that it is difficult to establish comprehensive, integrated and seamless services based on partnership at the local level when the traditional steering links to the central government and to the municipalities remain strong. Although flexibility and compromise was necessary in the first phase of the reform, the first results from the evaluation programme revealed a strong wish for more standardisation. This revealed a tension between the need for local cooperation between the central state and the municipalities based on reciprocity and equal partnership on the one hand and top-down steering on the other.

A final lesson is that it is important to adjust the reform based on experience in the implementation phase. This is the case especially when the means-ends knowledge is poor. In this case there was a re-specialisation by tasks. Some tasks with little acceptance for local variations in services, like pensions, were standardised and moved from the local one-stop shops to new units at the regional level.

2.5. Further information

Data and references

The information in this coordination practice example is based on evaluation and research done by participants in the official NAV Evaluation Programme. More information and links to relevant and recent publications are available at the NAV Evaluation Programme official website: [http://rokkan.uni.no/nav/](http://rokkan.uni.no/nav/)

Selected references:


LOV 2009-12-18 nr 131: Lov om sosiale tjenester i arbeids- og velferdsforvaltningen. Available at http://www.lovdata.no/all/hl-20091218-131.html


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