

# PARITARIAN INSTITUTIONS IN EUROPE

The added-value of  
the paritarian model  
of social protection

November 2021



European Association of Paritarian  
Institutions of Social Protection



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AEIP's members are paritarian social protection providers, established and managed by the social partners operating with the aim to ensure a genuinely solidarity-based approach towards the delivery of social protection at national level. As the representative of the European paritarian institutions we have remained committed to the promotion of an inclusive and balanced social model in Europe.

Since its creation back in 1996, AEIP's main purpose has been to promote the paritarian model and to highlight its added value, in particular, in the field of pensions, healthcare and long-term care. AEIP has continuously strived to realize its mission through the creation of strong international cooperations, engaging in a constructive dialogue with the European decision-makers. Looking back at 25 years of AEIP's activities in Brussels, we consider that this mission has been carried out successfully so far.

Our Association started with 5 founding members, driven by the need to voice and defend the specific characteristics of the European paritarian institutions as important players in the context of the European social model. Indeed, this

model, which paritarian institutions truly reflect, is unique in its dual focus on economic and social principles. Integrating both economic and social considerations and a not-for profit character, paritarian institutions remain instrumental in preserving the right balance between these sometimes-opposing drivers. Today AEIP counts 30 members, different in structure and scope of operation but the same in its founding values and core purpose at national level. The strong links between these institutions have contributed to AEIP's efforts of ensuring a better understanding of paritarism at the European level and its consideration in the development of policy and legislation on social protection in Europe.

We hope that with our efforts towards highlighting the added value of the work of our members – the paritarian social protection providers, we will contribute to a better understanding of the complex environment in which they operate. With the present report we aim to underline the high importance of an inclusive, transparent, and solidarity-based social protection once more in Europe.

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**Brigitte Pisa**  
AEIP President  
November 2021

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Paritarian institutions of social protection have a long tradition that is embedded in the social contract and the everyday life of citizens. Due to their institutional setting and their important social role, the European Association of Paritarian institutions and its member organizations have been proven resilient over time. The current pandemic reaffirmed the vital function and long-term vision of paritarian institutions. The dire circumstances linked to the COVID-19 pandemic highlighted the significant social function of paritarian funds in granting support to the economy and citizens. Paritarian funds of social protection provide multiple societal benefits and at the same time work as automatic stabilizers in times of economic strain. Notably, paritarian schemes promote transparency and democratic representation, as a result of the active involvement of social partners in their management.

It is also true that paritarian funds constitute important institutional investors, thus also contributing to long-term investment and sustainable economic growth while maintaining financial stability. Even more so during the pandemic, they hold a countercyclical role by maintaining their long-term strategic asset

allocation regardless the market conditions. As Europe and the world hopes to accelerate the recovery in the post-pandemic era, paritarian institutions can be decisive actors in such a process by investing in the real economy.

The resilience of the paritarian institutions became evident during the pandemic, as AEIP members did not experience neither operational ruptures nor liquidity issues. On the contrary, they continued to pursue investment policies with a long-term horizon and enhanced their communication channels to members and beneficiaries, as their main priority of providing adequate benefits remained undisrupted.

The recent developments call for the reflection on what role paritarian institutions of social protection can play in the post-COVID-19 era. The pandemic has accentuated the existing long-term trends in regard to demographics, changing labour markets, digitalization and green policies. Taking into account the new challenges arising, AEIP and its members will continue to adhere to their vision for a long-term oriented, sustainable, and adequate social protection and to promote complementary social institutions in an inclusive and transparent manner.

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**Katja Bjerstedt,**  
AEIP Vice-President  
**November 2021**

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# Introduction

## What is paritarism?

Far from being a novel concept, paritarism is the result of a long, rich and complex historical process in various Member States of the European Union (mostly Western Europe and the Nordic countries). It is based on the alignment of views and common will between social partners, whose aim is to further institutionalise their right to self-regulation, under the aegis of the state.

Paritarism is a type of self-organisation of social relationships, which, on the basis of an equal negotiation process engaging social partners on both sides, results in agreements that are equally binding on both employers and employees. This kind of self-organisation acquires many forms, for example paritarism of negotiation or paritarism of management, creating a wide range of agreements: from adhesion to a particular form of cover to the creation of a paritarian institution. Paritarism is an important concept for the autonomy of social partners. In this respect, it serves the European social model through the enhancement of social dialogue.

On the one hand, paritarian institutions are social protection providers, ensuring the balanced and efficient functioning of complementary, solidarity-based, national social protection schemes. On the other hand, as social protection funds, members of the European Association of Paritarian Institutions (AEIP) are also among the largest and fastest growing institutional investors in the European and global capital markets, allocating long-term capital efficiently across sectors. At the same time, these paritarian institutions belong to complementary social protection systems, a term that may differ by country according to the specificities of each social security system.





# Introduction

## The European Association of Paritarian Institutions - AEIP: how it all started

Recognising the need for strong representation at EU level and towards the European institutions, in 1996 four paritarian organisations – the French Technical Centre of Provident Institutions (CTIP), the German Federation of Corporate Sickness Funds (BKK), the Italian Pension Fund Association (Assoprevidenza) and the Belgian paritarian pension insurance fund Integrale – established the AEIP in Turin and opened a permanent office in Brussels the following year.

AEIP represents its members' values and interests at the level of both European and international institutions, stressing the important role that paritarism can play in defining the future European social model. AEIP's mission is to promote both management and labour initiatives in the context of social protection, and to ensure that they are shared and supported by the European institutions in the development of policies and legislation. AEIP promotes paritarism as a future source of solidarity and shared progress in defining Social Europe.

The principle of solidarity, at the heart of paritarian social protection schemes, ensures that the interests of all stakeholders are reflected in collective agreements in a transparent and inclusive manner. These schemes, implemented by the AEIP members in 12 European countries, guarantee economic efficiency whilst at the same time promoting social justice and general welfare. By guaranteeing the participation of workers and employers in special schemes of social equity and compensation, paritarian funds embody the principles of subsidiarity and proportionality.



# Introduction

The present research aims to provide an overview of the major paritarian institutions and further evidence of their added value in the provision of adequate and sustainable social protection at national and European level. The detailed analyses of the national paritarian structures and their functioning in the selected countries aim to serve as best-practice examples and as further references for the potential replication of the model in Europe.





# Social dialogue and the role of social partners at national and European level



## Social dialogue

Collective occupational schemes of social protection are inextricably linked with social dialogue and collective bargaining, as part of the wider scope of employment relations. Social dialogue refers to the process whereby trade unions and employers' organisations – as social partners – negotiate to decide on work-related issues and employment-related policies (typically wages, working hours and in-work benefits), including matters of social protection benefits (see e.g. Baccaro and Simoni, 2007; Regalia, 1996; Hayter and Visser, 2018). The process of social dialogue is not confined to just one practice, but can rather take multiple forms, involving several aspects. In particular, Eurofound (2020) defines it as 'negotiations, consultations, joint actions, discussions and information-sharing involving employers and workers'. Social dialogue embodies and promotes the principles of co-determination, democratic involvement and good governance, not only leading to the establishment of better rights for employees, but also cultivating a political culture of dialogue and consensus between social partners.

As Hermans, Huyse and Van Ongevalle (2016) explain, social dialogue differs from the governance of other labour relations, mainly due to the 'types of outputs it produces and the means to achieve them'. In fact, they add that social dialogue leads to tangible results, the most prominent being collective bargaining agreements and social pacts. The International Labour Organization (ILO,

2021) also points out that such results can be achieved through negotiations or cooperation between government and social partners (tripartite) or between social partners (bipartite). In the tripartite process, the government officially takes part in the dialogue, whereas in bipartite relations only labour and management (meaning trade unions and employers' organisations) participate, with or without indirect government involvement. Social dialogue and collective agreements can take place at many levels of governance: national, regional or enterprise. Likewise, agreements can be interprofessional, sectoral or a combination of these. In this sense, social dialogue is fundamentally different from unilateral governmental policy decisions on labour-related and social security issues.

Social dialogue is a well-established institution in various countries all over the world, while in many EU Member States, where industrial relations and collective bargaining have a long tradition, social dialogue determines a large part of social rights and working conditions for employees. Nevertheless, for a well-functioning and efficient social dialogue to work in the long-term, there are a few 'basic enabling conditions' as the ILO underlines. First, independent workers' and employers' organisations must be in place, and have the technical capacity to participate in social dialogue. In addition, there must be the political will from all sides for bona fide engagement in the negotiations. Importantly, the institutional context needs to be favourable, in the sense that there must be an established rule of law



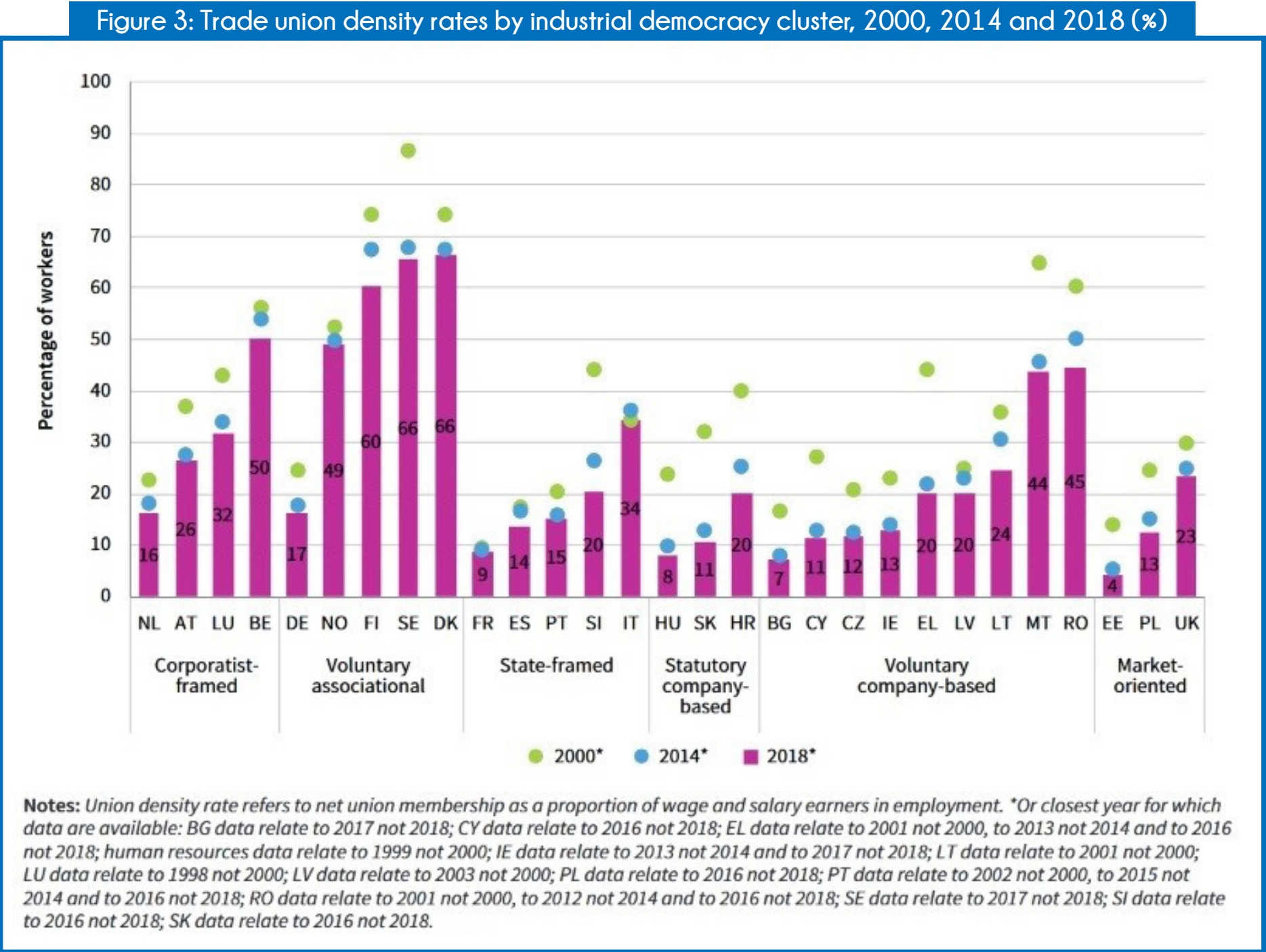
# Social dialogue and the role of social partners at national and European level



as well as respect for the fundamental rights of freedom of association and collective bargaining.

Being in fact a sort of contract, collective agreements cover first of all the social partners involved and also the people represented by them. However, as Oesingmann (2016) also explains, in most EU countries there are mechanisms that enable the state to extend the impact of collective agreements to all companies within an industry, sector or even nationally. The specific application of such extension mechanisms can vary according to three specific criteria: who takes the initiative, whether there are minimum requirements, and how frequently they are used (Eurofound, 2011).

Based on these criteria, a significant variation of practices can be seen across the EU Member States. Collective bargaining can lead to several beneficial effects for employees and employers, as well as for the labour market and the wider economy. A recent report by the Organisation for Economic Co-operation and Development (OECD, 2019) underlines the importance of collective bargaining for wage coordination, and its added value for an adequate level of social rights. The following graph compiled by Eurofound gives an interesting glimpse into the tendencies of collective bargaining and union density rates in EU countries over the last couple of decades:



Source: Eurofound (2020)

# Social dialogue and the role of social partners at national and European level



## The European dimension of social dialogue and its role in European social policy

Social dialogue is also embedded in the governance of the EU that, through the Treaties, recognises and promotes this process and the role of social partners. This has been the result of a lengthy political and legislative process that, starting in the 1980s, brought the European institutions to increasingly promote dialogue between social partners, as well as between them and the European public authorities.

While social dialogue at European level was facilitated by the launch of the European Economic Community in 1958, it was only with the Single European Act (SEA) in 1987 that the Treaties clearly recognised a bipartite social dialogue between cross-industry trade unions and employers' organisations at EU level. Another important change brought about by the SEA was the introduction of the qualified majority procedure in the area of the protection of workers' health and safety, which replaced the unanimity procedure requested up to that point in the Council. Moreover, at the end of 1989, all Member States (with the exception of the United Kingdom) adopted the Community Charter of Fundamental Social Rights for Workers, which included several social proposals and became a reference tool for national courts and the European Court of Justice (Lapeyre, 2015). These developments certainly gave a boost to both social

dialogue and EU social policy, even though they resulted in the adoption of non-binding joint opinions, resolutions and declarations.

A turning point in the promotion of the European social dialogue occurred with the adoption of the first joint agreement between social partners in October 1991, which was annexed to the Maastricht Treaty in 1993. This agreement, signed between the European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederations of Europe (UNICE, now BusinessEurope) and the European Centre of Employers and Enterprises providing Public Services (CEEP), introduced the obligation for the European Commission to consult the European social partners before putting forward legislation concerning social affairs, and gave social partners the right to negotiate so-called 'framework agreements' to replace Commission proposals.

This represented a paradigm shift in the Community legislative process of social policy and industrial relations, as it instated European social partners as co-legislators in the EU process (Eurofound, 2015). As a result of these developments, in the 1990s the intersectoral European social partners brought their first European social dialogue negotiations to a successful conclusion, producing three framework agreements: on parental leave (1995), part-time work (1997) and fixed-term contracts (1999). These agreements were then implemented by the Council through EU directives and transposed into national legislation in the EU Member States.



# Social dialogue and the role of social partners at national and European level

Moreover, following the Laeken European Summit in 2001, the European social dialogue became increasingly independent and autonomous, and empowered the European social partners to conduct autonomous negotiations on agreements that were implemented independently of the Commission. These types of agreements differ from the framework agreements, as the obligation to incorporate them into national legislation lies primarily with social partners at national level, who are responsible for their transposition<sup>1</sup>. As a result, since 2001, five so-called 'autonomous framework agreements' have been reached, covering teleworking (2002), work-related stress (2004), harassment and violence at work (2007), inclusive labour markets (2010) and active ageing and an inter-generational approach (2017).

The joint document that the European social partners drafted in preparation for the Laeken European Summit was also important because it specified the role of social partners in European governance. In particular, it called for a distinction between i) tripartite social dialogue between cross-industry social partners at EU level and EU institutions, and ii) cross-industry European social dialogue between EU-level trade unions and employers' organisations. Finally, social partners expressed their wish in the document to develop their own work programme, to have more autonomous social dialogue and to set their own priorities and negotiation agenda. These requests entered into practice in 2001 and were officially institutionalised with the Lisbon Treaty in 2009.

Therefore today, the European social dialogue refers to discussions, consultations, negotiations and joint actions involving organisations that represent the two sides of industry: employers and workers. It takes two main forms: tripartite and bipartite dialogue.

Tripartite dialogue involves the European social partners and European institutions, and allows for discussions and concertation on macroeconomic areas and the European employment strategy. Bipartite social dialogue takes place both at intersectoral/cross-industry level between ETUC and employers' organisations, and at sectoral level between the European trade unions and employers' organisations of a specific sector of the economy. The main body for bipartite cross-industry social dialogue at EU level is the Social Dialogue Committee, which meets three to four times a year to discuss employers' and workers' views on employment and social topics, adopts texts negotiated by both parties and plans future initiatives<sup>2</sup>. A similar structure exists at sectoral level: in fact today there are some 40 sectoral social dialogue committees that, since their establishment in 1998, have produced a wide range of joint texts and agreements.<sup>3</sup>

1. Originally, these agreements were called 'voluntary framework agreements'. However, given that the term 'voluntary' led to confusion over the actual rights and obligations linked to the agreements, the term was changed to 'autonomous framework agreements'.

2. At cross-industry level, the bipartite European social dialogue takes place between the following organisations: ETUC, the Confederation of European Business (BusinessEurope, formerly UNICE), CEEP, SMEunited, the Council of European Professional and Managerial Staff (Eurocadres) and the European Confederation of Executives and Managerial Staff (CEC).

3. For more information see the website of the European Commission, DG Employment, Social Affairs & Inclusion: <https://ec.europa.eu/social/main.jsp?catId=480&langId=en>.





# Overview of paritarism in selected European countries

The sections below provide an overview of the setup and operation of paritarian institutions in Austria, Belgium, Finland, France, Germany and Italy. The purpose of the overview is to serve as a basis for comparison and identification of best practices in the provision of social protection.

## Paritarism in Austria

### Use of the term 'paritarism' in Austria

The term 'paritarism' is not used in Austria and the concept is expressed through 'social partnership' (Sozialpartnerschaft). This refers to cooperation among representatives of employers (Chamber of Agriculture, Economic Chamber), employees (Chamber of Labour, Austrian Federation of Trade Unions) and the government.



This social partnership aims to find solutions to economic and social matters that are acceptable to all parties, through the constant monitoring of controversial subjects. Interaction among these stakeholders is guided by the principle of consensus and, whenever possible, is established on a voluntary rather than legal basis.

The social partnership developed in Austria in the inter-war period, but acquired its current function in the 1950s when it set the basis for post-war economic growth. Today, it is considered a key factor in Austria's remarkable degree of social harmony, which also explains the low numbers of strikes in the country.

### Social partners and their relevance to paritarian institutions

The Construction Workers' Annual Leave and Severance Pay Fund (Bauarbeiter-Urlaubs- und Abfertigungskasse – BUAK) is a public corporation whose leadership is nominated on equal terms by workers' organisations (Construction and Woodworkers' Union in agreement with the Chamber of Labour) and employers' organisations (Economic Chamber). BUAK's administrative bodies are the Committee, the Board and the Supervisory Committee. In addition, each federal state (Bundesland) has its own Advisory Committee. Here, too, all administrative bodies are nominated on equal terms by workers' organisations (Construction and Woodworkers' Union in agreement with the Chamber of Labour) and employers' organisations (Economic Chamber). The Federal Ministry of Labour, Family and Youth functions as BUAK's regulatory authority.





# Overview of paritarism in selected European countries



## Legislative framework

BUAK is one of Austria's oldest social partnership institutions and a public corporation established by law. The legal framework for its work includes the Construction Workers' Annual Leave and Severance Pay Act (Bauarbeiter-Urlaubs- und Abfertigungsgesetz) and the Bad Weather Compensation for Construction Workers Act (Bauarbeiter-Schlechtwetterentschädigungsgesetz – BschEG).

Its foundation goes back to March 1946, when the National Council passed the Construction Workers' Leave Act (Bauarbeiter-Urlaubsgesetz – BArbUG), which came into force two months later, in May 1946. This law created the Construction Workers' Leave Fund (Bauarbeiter-Urlaubskasse – BUK), one of the first social partnership institutions in Austria. BArbUG made it possible for construction workers to earn and avail of holiday time despite changes of employers and interruptions in their employment contracts. Its legal provisions built on collective agreements from the inter-war period.

Over the years, BArbUG was amended several times and expanded until it became the current Construction Workers' Annual Leave and Severance Pay Act (Bauarbeiter-Urlaubs- und Abfertigungsgesetz – BUAG). Meanwhile, BUK also acquired new functions, incorporating the bad weather and winter holiday compensation, after which it was renamed

BUAK<sup>4</sup>. With the establishment of its own employee pension fund and expansion to a corporate pension insurance fund (Betriebliche Vorsorgekasse – BVK) also open to self-employed workers, BUAK entered the market, despite competition from the private sector.

In 2011, following the Anti-Wage and Social Dumping Act (Lohn- und Sozialdumping-Bekämpfungsgesetz – LSD-BG), BUAK was authorised to conduct inspections in the construction industry (at construction sites and in payroll offices), and to file complaints to the responsible district administrative authority in cases of underpayment of employees. In fact, the purpose of the LSD-BG was to achieve equal employment and wage conditions for Austrian and foreign workers alike. The new law also aimed to maintain fair competition among the companies on the market, as well as the proper payment of levies and social security contributions.

In 2012, BUAK set up a construction site database, which provides quick and transparent information on the start and end date of each construction site in Austria. This gives users significantly faster access to information about the location and length of construction projects, while allowing inspections as long as there are employees on site. In this regard, where situations are unclear, employees are invited to a meeting at BUAK to clarify them. Inspectors, on their side, can check directly at the construction site whether an employment

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4. While bad weather compensation is regulated by the BSchEG, the legal provisions relating to the other areas are set out in BUAG.

# Overview of paritarism in selected European countries

contract has been reported to BUAK. Therefore, through targeted collection and processing of this information, BUAK contributes to social fraud prevention. Finally, since 2014, the institution has also managed the interim supplements paid to unemployed construction workers prior to their retirement. For the social partners working in the construction industry, the goal was to provide construction workers who have worked in construction for many years and cannot continue working up until retirement age with advance protection in the form of an interim supplement for the period of unemployment up to retirement age. Construction workers should therefore be able to transition directly from their professional lives to a pension by claiming an interim supplement pursuant to BUAG. If an employee fulfils all the claim requirements for the interim supplement but does not use it (in full), and remains in employment subject to BUAG, they and their employer subject to BUAG receive a bonus in the form of an interim settlement when the employee retires. A combination of the interim settlement and the interim supplement is possible by not applying for the interim supplement for the maximum time possible, and instead working for the remaining time in an employment relationship subject to BUAG.

## Coverage of workers in non-standard forms of employment

Every worker is covered by BUAK, with the exception of the self-employed.

## The value of paritarism

Currently, about 95% of all employees in Austria work under the protection of a collective agreement. These agreements provide social partners with an institutionalised arena for the effective settlement of conflicts of interest. In Austria, there are roughly 860 collective agreements, of which about 480 are renegotiated every year by the sub-organisations of the Economic Chamber and the trade unions. The agreements are subject to a statutory 'declaration of general applicability' (Allgemeingültigkeitserklärung), which means that they are equally valid for all employees working in an industry with a collective agreement, regardless of whether they are affiliated to a trade union or not.





# Overview of paritarism in selected European countries

## Paritarism in Belgium<sup>5</sup>

### Use of the term 'paritarism' in Belgium

Contrary to the French experience, Belgian sources do not make explicit use of the term 'paritarism', but the adjective is used more broadly in the Belgian social security context to indicate the inclusion of social partners in established institutions and concertation processes.

### Forms of paritarism in social dialogue and collective bargaining in Belgium

The Social Pact was established during the Second World War in 1944, being a product of a dialogue between representatives of employees and employers. Before the Pact, social dialogue in Belgium was limited to salaries and labour conditions between sectoral paritarian committees,

already established in 1919 (Luyten, 2015). The Social Pact discusses, in particular, principles and methods of paritarian cooperation at four different levels: company level, industrial/sectoral level, national level and international level. Although the Pact was never officially ratified, it is considered as the immediate basis of many legislative initiatives regarding social dialogue after the Second World War (Ontwerp van overeenkomst tot sociale solidariteit, 1944).

The Law of 20 September 1948 on economic organisation established a legal framework for paritarian councils at company, sectoral and national level. At national level, this legislation led to the founding of the Central Council of Economy (CCE) (Braekmans, 2014). The CCE, as well as the other councils, is structured on a paritarian basis: both employers' and workers' organisations designate an equal number of titular members, substitutes and Board members. The CCE 'focuses on economic organisation and seeks to institutionalise dialogue between employers' and workers' organisations on economic issues and to provide guidance to the government in economic policy formulation' (CESlink, 2021).

The Law of 29 May 1952 stipulates the establishment of the National Labour Council of Belgium. The National Labour Council is composed of 26 titular members and 26 substitutes, both made up of 13 representatives of trade unions and 13 representatives of employers' organisations. The National Labour Council has the competence to advise



5. The section has been prepared by Ms Eline Valentyn as part of the Praksis programme of KU Leuven.



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the Belgian government and to formulate propositions. Additionally, it can provide advice regarding conflicts of competence between paritarian committees (Nationale Arbeidsraad, 2021).

The Law of 5 December 1968 regarding collective labour agreements and paritarian committees was an important legislative initiative for social dialogue in Belgium, since it authorised the National Labour Council to conclude collective labour agreements. The law's content, also known as 'CAO legislation', will be discussed briefly later on.

Social dialogue allows social partners to control social disputes through compromises and equal negotiation. These compromises aim to determine the relationship between employers and employees, while their content is dependent on the level of dialogue. The Belgian legislator gives social partners the right level of autonomy (Heylen and Verreyt, 2018). Social dialogue in Belgium occurs principally between 'representative organisations' of employers and employees. The requirement of representativeness aims to avoid direct access for all organisations. This restriction is crucial to create a well-organised framework. The criteria for an organisation to be considered as a representative are mentioned in the CAO legislation.

The National Labour Council, which is paritarian in its composition, manages social dialogue at national/interprofessional level. The National Labour Council is authorised to establish collective labour agreements.

Besides this, interprofessional agreements (IPAs) constitute another form of social dialogue at national level and refer to agreements for companies in the private sector. They are only binding on the contracting parties but are frequently converted into collective labour agreements. The contracting parties are called the 'Group of Ten', and are also put together on a paritarian basis (Heylen and Verreyt, 2018).

Social dialogue at professional/sectoral level is managed by paritarian committees and subcommittees. Paritarian committees are established on the basis of the CAO legislation, with an aim to group companies with similar activities and to elaborate a regulatory framework that is adapted to labour conditions. A paritarian committee is composed of an equal number of representatives of employees' and employers' organisations. The main tasks of a paritarian committee are to negotiate collective labour agreements, to avoid and solve social conflict and to advise the government, National Labour Council and CCE. Finally, a paritarian subcommittee is a subdivision of a paritarian committee, established for a certain territory or sector of activities (Federale Overheidsdienst Werkgelegenheid, Arbeid en Sociaal Overleg, 2021).

Social dialogue at company level is managed by three organs. The first is the Works Council, which is a consultation forum of employers and employees and can be established in a company with more than 100 employees. In this respect, it is set up on a paritarian basis, meaning that it has an



# Overview of paritarism in selected European countries

equal number of employee representatives and delegates appointed by the employer. The second organ for social dialogue is the committee for prevention and protection at the workplace, which also has a paritarian structure and can be established in a company with more than 50 employees. The third organ includes the delegates of trade unions. The conditions of the delegation are dependent on the rules of the competent paritarian committee (Federale Overheidsdienst Werkgelegenheid, Arbeid en Sociaal Overleg, 2021).

## Collective labour agreements and their relevance to Belgian paritarian occupational funds

A collective labour agreement (collectieve arbeidsovereenkomst – CAO) is an agreement between one or more trade unions and one or more employers' organisations. Collective labour agreements are possible at all three levels of social dialogue. Company CAOs are agreements between one or more trade unions and one or more employers. Sectoral CAOs are situated at the level of paritarian (sub)committees and can obtain general validity if requested by the paritarian organ and allowed by the government. Intersectoral/national CAOs are situated at national level. In order to be valid, an intersectoral CAO needs to be signed by all representative organisations in the National Labour Council (this is indicated in art. 28 of the Belgian Law of 1968 on collective labour agreements, also known as CAO legislation).



The content of a CAO can be normative or obligatory. Normative provisions aim to register the individual as well as the normative relations between employers and employees. It is important to note that normative provisions are also binding on third parties not involved with the realisation of the CAO. On the one hand, individual normative provisions concern individual labour relations, namely salary and labour conditions. Second-pillar (occupational) pensions are an important example of individual normative provisions. On the other hand, collective normative provisions concern collective labour relations in the company. Finally, obligatory provisions govern the rights and obligations of the contracting parties and cannot be binding on individual members of the organisation (CAO legislation, 1968).





# Overview of paritarism in selected European countries

As mentioned earlier, the establishment of occupational pensions can be the content of a CAO. The Law of 6 April 1995 established a legal framework for occupational pensions in Belgium. Because of the limited personal and material field of application, there was the need for a broader legislative initiative. As a result, the Law of 28 April 2003 (Wet betreffende de Aanvullende Pensioenen – WAP) reframed occupational pensions and contained a broader field of application. The draft of this legislation explicitly mentioned the necessity of an extension of occupational pensions. The WAP establishes an integrated second-pillar pension: the field of application covers company-based occupational pensions, sectoral occupational pensions, individual pensions commitments and the individual continuation of collective plans (Vandendijk et al, 2003). It is important to mention, however, that the individual continuation has since been abolished and replaced by the free supplementary pension for workers (Vrij Aanvullend Pensioen voor Werknemers – VAPW), which has its own legislation and is not covered by the WAP.

Company-based occupational pensions contain a pension engagement from the employer towards the employee. The employer pays a contribution to the pension institution (insurer or pension fund) and this institution provides the payment of the occupational pension to the employee (FSMA, 2021). Sectoral occupational pensions are applicable to a whole professional sector. This sectoral plan is based on a CAO at sectoral level and thus agreed in a paritarian committee.

In sectoral occupational pensions, the employer needs to pay a contribution to the sectoral organiser. The sectoral organiser has a pension engagement towards the employee. It pays a contribution to the pension institution (insurer or pension fund) and the latter provides the payment of the occupational pension to the employee.

PensioPlus was established in 1975 and gathers the Belgian institutions for occupational retirement provision (IORPs) and organisers of supplementary sectoral pension plans. The members of PensioPlus provide services related to second-pillar pensions, representing more than a million active affiliates (PensioPlus, 2021).





# Overview of paritarism in selected European countries

## Paritarism in the Belgian social security system

Before 1944, the social security system in Belgium was originally founded by workers who took the initiative to develop basic protection against specific social risks such as health insurance. Additionally, various institutions were established, which were only supported by the government and managed on a private basis. Over the years, the government made those insurances obligatory, whilst keeping them private (Verdeyen, 2009). The implementation of the Social Pact in 1944 led to the establishment of the so-called 'institutional pluralism' of Belgian social security. The compromise between employees' and employers' organisations set the administration of social security at two levels. On the first level, the private institutions that already existed formed the basis for the execution of social security. On the second level, this legislation founded the National Social Security Office (NSSO) for the financial administration of the different social security sectors. The NSSO is a public institution set up on a paritarian basis (Verdeyen, 2009), and remains a key institution regarding the collection and global administration of social security in Belgium. Through the years, the government has established other public institutions for the management of social security (Federale Overheidsdienst Sociale Zekerheid, 2012). The Law of 25 April 1963 provided a unified legal framework for the paritarian administration of public institutions managing social security in Belgium. The draft of this legislation clearly mentions that the principle of paritarian management is not new: the majority of public institutions were already being

managed on a paritarian basis. The draft also emphasised that real paritarian management requires both the paritarian composition of a committee and the power to lead the services of the institution.<sup>6</sup>

The principle referring to paritarian management of these public institutions is still the standard today. The decision-making body of public institutions is a management committee. In general, this is composed of a president and an equal number of representatives of employees' and employers' organisations. Nevertheless, there are various management committees where representatives of the government are also present. According to the overview of the government itself, this happens in 'very sensitive sectors'. One of the management committees of the NSSO, in particular the management committee for social security, is composed of a president, two commissioners of the government, seven representatives of employees' organisations, seven representatives of employers' organisations and seven representatives of the government (Federale Overheidsdienst Sociale Zekerheid, 2012).



6. Wetsontwerp van 15 april 1960 betreffende het beheer van de instellingen van openbaar nut voor sociale zekerheid en sociale woonzorg, Parl. St. 1959-1960, nr 506, 1-2.





# Overview of paritarism in selected European countries

## Paritarism in Finland

### Use of the term 'paritarism' in Finland

The term 'paritarism' is used rarely in Finland and mainly in the context of social insurance institutional governance. However, social partners have a significant role in Finnish society, which could be still described as a corporatist / socially democratic welfare model<sup>7</sup>. Social partners' influence and role are usually described through terms such as 'labour market politics' and 'collective bargaining by labour market organisations'.

As a general observation, the main private sector employer trade federation and entrepreneur organisations do not express the same level of willingness as employee labour organisations to uphold a common paritarian labour market model.



### Social partners and their relevance to the administrative structures of pension institutions<sup>8</sup>

The Finnish Pension Alliance – TELA – is an association representing Finnish insurers providing statutory earnings-related pensions. Social partners are not members of TELA and do not participate in its governance structure (for example its Board or committees). They are nonetheless an integral part of the governance models of TELA's members (whether public, private or under another form of provision).

The governance of earnings-related pension institutions is heavily regulated in Finland. A typical feature of earnings-related pension provision is that both the policy holders (employers) and the insured (employees) are represented in the administrative structures. The governing systems of the various types of pension providers have both similarities and differences. In this respect, the acts pertaining to each pension provider lay down provisions on their governance and on the tasks of various administrative bodies.

The number of administrative levels can range from two in company pension funds to four in pension insurance companies. As a general rule, the governance model of pension insurance companies resembles that of normal private limited companies. In this respect, they also share certain similarities, for example regarding the duties of the board of directors. In particular, there should always be an equal number of social partner representatives on the board of directors. Social partners control 50% of the

7. For a typology of welfare state regimes, see: Esping-Andersen, G. (1990) 'The three worlds of welfare capitalism'.

8. For more information, see the website of TELA, on governance and pension providers: [https://www.tela.fi/en/governance\\_of\\_pension\\_providers](https://www.tela.fi/en/governance_of_pension_providers).





# Overview of paritarism in selected European countries



seats there, with employees and employers representing one third and one sixth of the total seats respectively. In addition, all candidates are required to have fit and proper qualifications. Members of the administrative bodies of earnings-related pension providers must typically meet certain requirements defined by law. Often these requirements concern, in particular, the chair and vice chair of the board of directors. For instance, board members of pension insurance companies must be of good repute and possess a good level of knowledge of earnings-related pension insurance operations.

## Legislative framework for earnings-related pension institutions<sup>9</sup>

The Finnish earnings-related pension system is based on decentralised administration. This means that there are many pension providers of different types. The creation of each pension institution (including insurance companies or industry or company-based pension funds) stems from specific legislation on the private sector. It is still possible to set up new pension institutions, but social partners have not used this feature in a long time, with a few exceptions in the pension fund sector (at the employers' prerogative). The number of pension providers has diminished over the years due to strong consolidation trends, following a similar pattern to other forms of insurance and banking in Finland.

When passing the acts, the Finnish parliament required the government to monitor the development of pension provision

and to correct the situation if it discovered that some employee groups fell outside of pension provision. As a result, pension provision has been actively developed in Finland. However, with labour markets constantly transforming, it will be necessary to update the Self-Employed Persons' Pensions Act – YEL (1970) in the near future.

Pension insurance companies must receive authorisation from the government to start their operations. At the same time, the Ministry of Social Affairs and Health must request an opinion from the Financial Supervisory Authority on applications concerning a new authorisation or extension of an existing authorisation, valid in Finland. In addition to the authorisation, the establishment of a pension insurance company requires that the preconditions set by law are met. In this respect, a pension insurance company must have an initial capital of at least EUR 5 million. A pension insurance company's articles of association and any amendments to them must also be confirmed by the Financial Supervisory Authority.

9. For more information on other types of pension administrators, see the website of TELA: [https://www.tela.fi/en/different\\_types\\_of\\_pension\\_providers#pension\\_insurance\\_companies](https://www.tela.fi/en/different_types_of_pension_providers#pension_insurance_companies).

10. Keva is Finland's largest pension provider. It administers the pensions of employees of local government, the Finnish State, the Evangelical Lutheran Church and Kela, an independent social security institution supervised by the Finnish parliament.

# Overview of paritarism in selected European countries

From a historical perspective, the following landmarks are important for the expansion of pension security to different labour market groups:

- 1956 Seafarer's Pensions Act (MEL)
- 1962 Employees' Pensions Act (TEL)
- 1962 Temporary Employees' Pensions Act (LEL)
- 1964 Local Government Employees' Pensions Act (KVTL)
- 1966 Evangelical Lutheran Church Pensions Act (KiEL)
- 1967 State Employees' Pensions Act (VEL)
- 1970 Self-Employed Persons' Pensions Act (YEL) and Farmers' Pensions Act (MYEL)
- 1986 Pensions Act for Performing Artists and Certain Groups of Employees (TaEL)
- 2009 Pension provision for grant holders (part of MYEL)

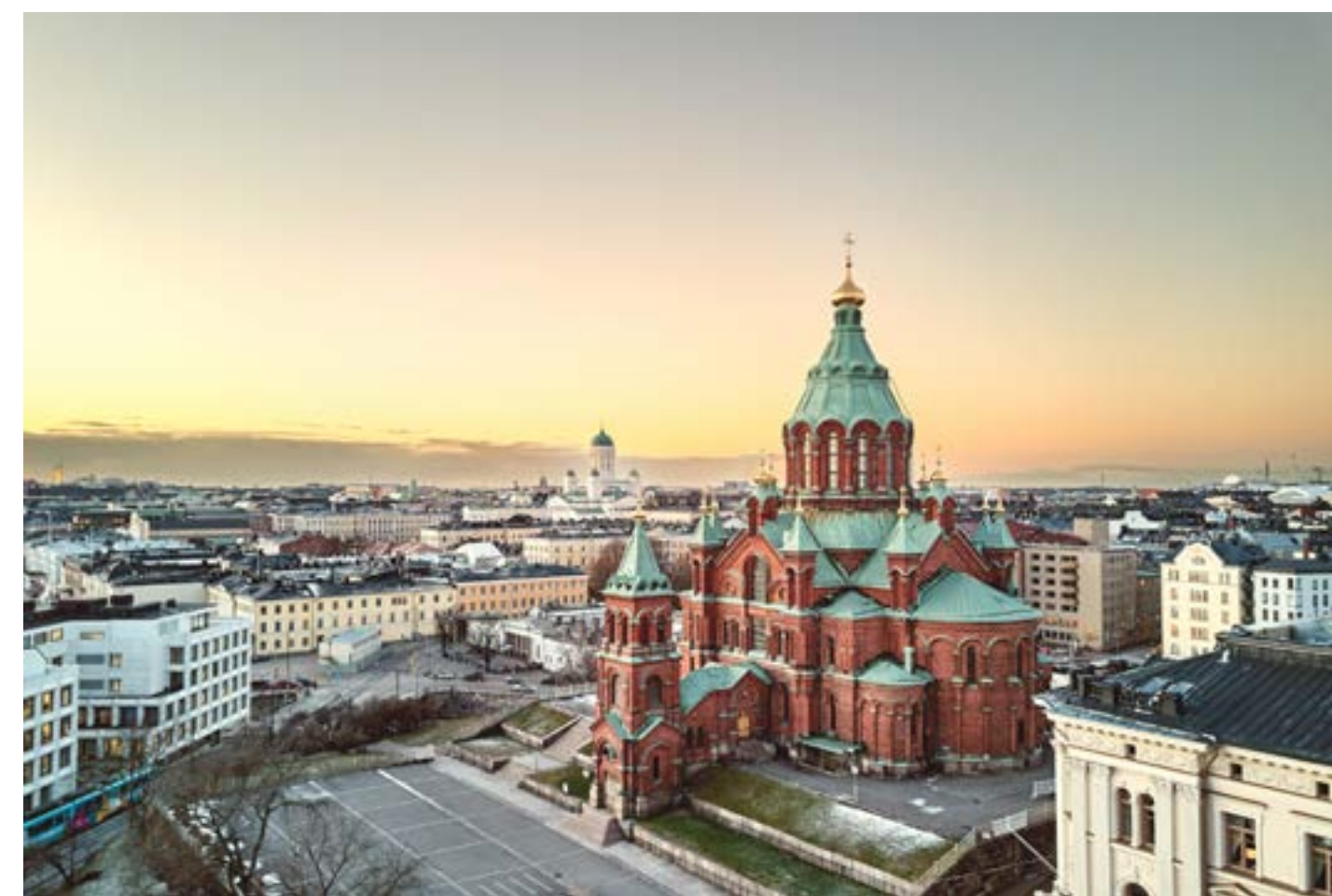
## Key paritarian institutions in Finland

**Earnings-related statutory pensions:** Finland has several statutory benefits providers, which engage in limited competition with each other. In the private sector, earnings-related pensions are provided by pension insurance companies, company pension funds and industry-wide pension funds, which are governed by private law. The employer decides which pension provider is given the task of arranging the employees' pension provision.

Seafarers and farmers have their own separate pension insurers. The pension provision of people working in the public sector, i.e. for central and local governments and the church, is arranged collectively through Finland's largest pension provider: Keva.<sup>10</sup>

All pension providers have at least some level of paritarian representation concerning governance, but private sector pension institutions can be described as pure paritarian institutions, not least due to the financing model of pension benefits (contributions by employers and employees).

**The Employment Fund:** The Employment Fund is an organisation established by law and managed by the social partners. It was launched on 1 January 2019 (its predecessor





# Overview of paritarism in selected European countries



was established in 1949) through the merger of TVR and the Education Fund.<sup>11</sup> The Employment Fund collects unemployment insurance contributions used to fund earnings-related unemployment benefits and promote employees' competence development through adult education benefits. The Fund provides advice to its customers in matters concerning unemployment insurance contributions and adult education and contributes to changes to legislation in its sector.

**Unemployment funds:** The first unemployment fund was established in 1894, but the actual legal basis for unemployment funds was granted in 1917, when Finland declared its independence (Finlex, 2021). There are currently 24 unemployment funds for wage earners and one unemployment fund for employers<sup>12</sup>. It is worth mentioning that 20 years ago around 50 funds existed. Membership of these funds is voluntary, although most wage earners have chosen an unemployment fund for themselves, and it is not possible to receive earnings-related unemployment benefits without fund membership. Funds are technically separate from trade unions, but are usually in close proximity. Legislation defines a certain set of requirements for setting up an unemployment fund. If these requirements are met, the Social and Health Ministry can grant a licence to operate the fund.

Unemployment fund activities and codes of conduct are governed by law (e.g. the Administrative Procedure Act and the Unemployment Funds Act) and the members of various funds have the same rights and obligations. In the

activities and administration of unemployment funds, however, differences arise in the rules of the funds, which means that their organisation, membership criteria and fees may also differ.

## **Workers' Compensation Center and insurance:**<sup>13</sup>

Workers' compensation insurance is a part of the statutory social security in Finland. Statutory insurance means that the contents of the insurance, including covered loss events and amounts of compensation, are specified in the Workers' Compensation Act. Employers must protect their employees against occupational accidents and diseases by taking out insurance with a company having a legal right to operate in Finland. These non-life insurance companies are members of the Workers' Compensation Center (TVK). When an employer submits an application to an insurance company, the company must issue the insurance. Importantly, all central labour market organisations (representing both employer and employee) are part of TVK's Board of Directors.

**Employees' group life assurance:** Employees' group life assurance is a life insurance policy that the employer takes out for employees, based on an agreement between social partners. The employer is responsible for the costs of the insurance, while claims are processed by the TVK (TVK, 2021).

In addition, a death benefit is paid in the event of an employee's death, provided there are beneficiaries as referred to in the insurance terms and conditions. Employees' group life assurance is based on mutual agreement between

11. TVR was Finland's Unemployment Insurance Fund.

12. Figures from 2020.

13. TVK (2021) Workers' compensation insurance in brief, accessed 26 January 2021: <https://www.tvk.fi/en/insurance/workers-comp-in-brief/>.

# Overview of paritarism in selected European countries



labour market organisations. With certain exceptions, the insurance covers all employees in an employment relationship in accordance with earnings-related pension acts.

Furthermore, employees' group life assurance is managed by a pool, set up by insurance companies. The pool operates in connection with the TVK. The claim settlement service for employees' group life assurance handles the processing and payment of all claims for death benefit covered by the insurance.

**Sickness funds and insurance funds managed by social partners:** There are still about 120 sector-wide (trade unions) or singular workplace-based sickness funds.<sup>14</sup> These 'workplace funds' can offer their members statutory sickness allowance benefits, extra compensation for medical services, funeral allowance and extra redundancy compensation. In particular, members of the sickness fund can, for example, receive compensation for expenses for medical services in addition to the reimbursements provided by Kela. Membership is usually voluntary, and membership fees differ significantly between funds. It is also possible for the employer to cover the fee on behalf of employees. Insurance fund law determines several aspects, for example the setting up of a sickness fund, while the Social Insurance Institution of Finland grants licences to manage a fund.

## Coverage of workers in non-standard forms of employment

In general, most of the benefits granted by paritarian institutions have a legal basis and wide coverage, extending to non-standard forms of employment. In some cases, however, this might also depend on the type of non-standard work: part-time work, temporary work, fixed term contracting and subcontracting, self-employment, homework, etc. The general unemployment fund YTK is open to all salaried employees, and one unemployment fund is open to entrepreneurs. Effective coverage might be somewhat lower than the potential coverage of some earnings-related benefits, because of income ceilings and since paritarian institutions usually only cover earnings-related benefits. Universal minimum-security benefits fall into the domain of the Social Insurance Institution of Finland.

Statutory earnings-related pension insurance makes a distinction between work done as a wage-earner and work done as an entrepreneur / self-employed person. Hence, basically almost all forms of work are included, and mandatory contributions accumulate pension security. All wages over EUR 60.57<sup>15</sup> per month must be insured by the employer. In general, self-employed persons must take out so-called 'YEL insurance' if they work for at least four months and earn at least EUR 7,958.99 annually.<sup>16</sup> For self-employed persons, almost all other social security benefits are linked to the YEL insurance level. In practice, they have some discretion over the amount they pay in YEL insurance contributions.

14. Information correct as at 2020.

15. This refers to the 2020 level.

16. This refers to the 2020 level.



# Overview of paritarism in selected European countries

## Paritarism in France<sup>17</sup>

### Use of the term 'paritarism' in France

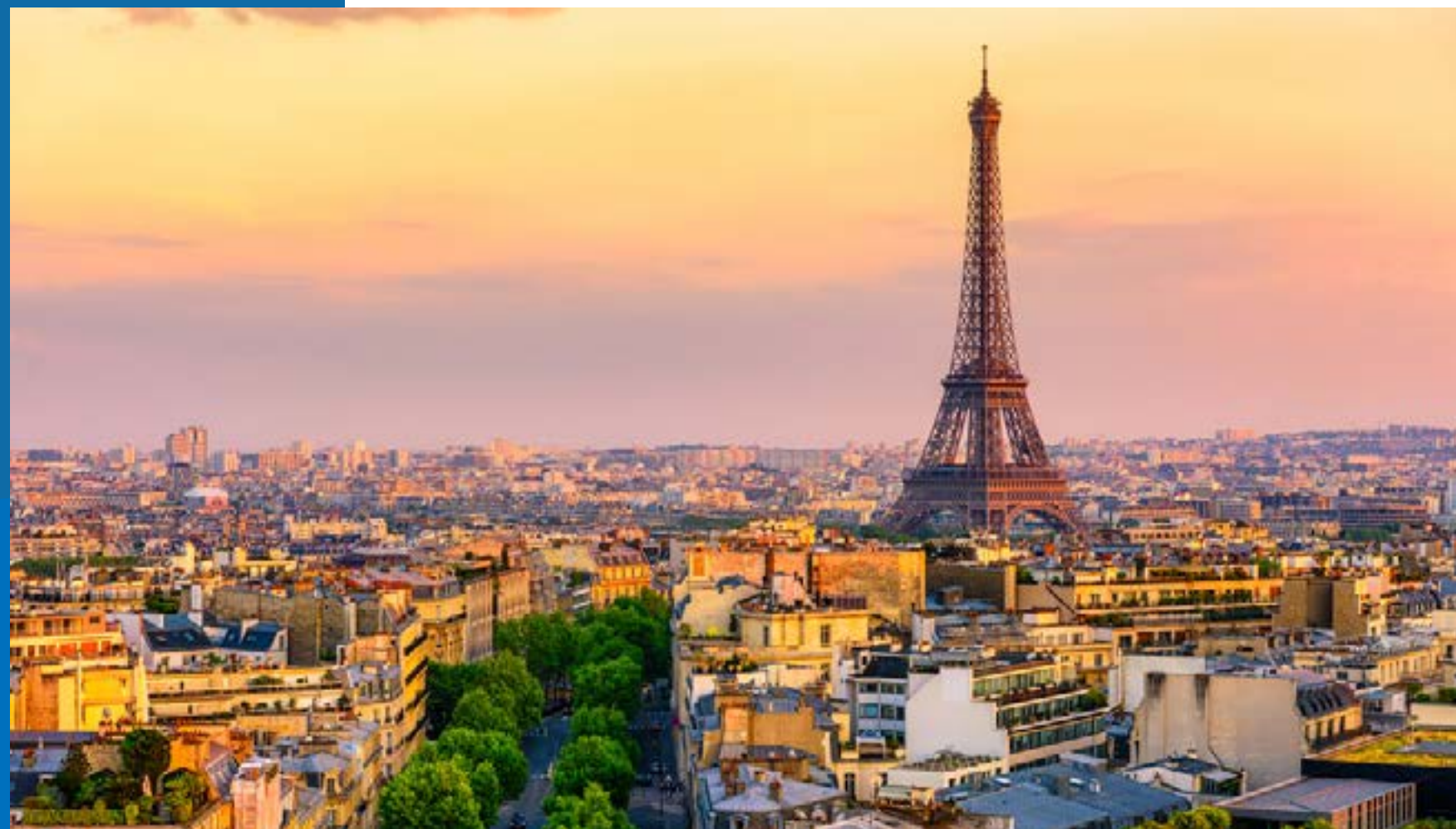
Paritarism in France is described as a system or organisation of social protection that includes paritarian mechanisms, where various categories of persons with different interests are equally represented (Damon, 2017).

Today, two types of paritarism exist in France. The first refers to paritarism of control, where the social partners have the responsibility of controlling and managing certain activities within the institutions in which they are represented, according to the principle of equal representation (Institut Montaigne, 2017). The second type refers to the paritarism of

negotiation, where social partners participate in negotiations. Paritarian regimes are hence based on a contract that assigns the competence to control or negotiate to the paritarian structures. In 2016, the French Assembly also clarified that a paritarian regime is the result of a collective agreement and therefore based on private law. The negotiations that led to this agreement are also part of the notion of paritarism (Assemblée Nationale, 2016).

### Legislative framework

Although the freedom to organise unions was already recognised in 1884, the first legislation establishing legal foundations for collective bargaining was proclaimed in 1919. According to this law, collective agreements were only valid between the contracting parties and could not be applied to third parties. Due to the lack of a united approach by labour organisations at that time, this law had few consequences and only led to discussions on collective agreements (Sturmthal, 1951). In 1936, the law also known as 'les Accords de Matignon' stated that mixed commissions, at the regional industry level, could conclude collective agreements. These mixed commissions were an assembly of spokesmen of the most representative organisations of employers and employees. The following criteria were used to select the organisations: size of membership, age of the organisation, participation of the organisation in past negotiations, size of dues and regularity of payments by the organisations, character of the statutes and conditions of affiliation. Following these criteria, it was clear that more than



17. This section has been prepared by Ms Eline Valentyn as part of the Praxis Programme of KU Leuven.





# Overview of paritarism in selected European countries

one organisation could be most representative (Assemblée Nationale, 2016). Two kinds of collective agreements have been established since this legislation: collective agreements only valid for parties to the contract; and collective agreements that, following intervention by the Ministry of Labour, could be extended to have general validity.

In 1946, the parliament adopted a new law permitting the mixed commissions to determine working conditions. The law removed the former division of agreements in two classes and established only the collective agreements with general validity. After its approval by the Ministry of Labour, the agreement automatically became a public regulation for the entire occupation or branch of industry (Assemblée Nationale, 2016). This change lasted only a few years, as already in 1949 another law eliminated the automatic general validity. In 1950, social partners regained a strong position in the process of collective agreements and reduced the state's share in the determination of wages and working conditions (Assemblée Nationale, 2016). In addition, the act of 1950 synchronised plant and industry-wide agreements to a great extent and introduced the possibility for nationwide agreements to be applicable either to one industry or all industries. Because of these changes, workers were finally granted the real right to bargain collectively (Caire, 1984). The Law of 13 November 1982 aimed to make collective bargaining the mainspring of social progress in France. In particular, the act contained three essential innovations. First, it introduced the obligation for all organisations bound by an industry-wide agreement to meet

once a year to discuss wages, and once every five years to discuss the grading system. Second, it made it mandatory for employers to gather once a year with representatives of trade union organisations, to negotiate on wages, hours of work and the organisation of working time. The third innovative element was the introduction of a possible veto right exercised by trade unions in certain circumstances. According to Caire (1984), these three points constituted a new approach to industrial relations. Finally, the Law of 2007 strengthened the importance of negotiations between unions and employers at national level, introducing the obligation for the government to consult with them before developing legislation in the fields of industrial relations, employment and training (European Trade Union Institute, 2021).





# Overview of paritarism in selected European countries



## Social partners and their relevance to paritarian institutions

The social security system in France was established in 1945. Its founders wanted to implement a 'social democracy', referring to an improvement of the situation of workers, but also the creation of a social order where workers had their own responsibilities. The initial project contained the establishment of unique funds on a territorial basis: local, regional and national. The funds' administrative councils were composed of three quarters representatives of the workers and one quarter representatives of the employers. This composition was meant to avoid bureaucracy in the French social security system; hence, members of the administrative councils were generally appointed by their professional organisations (Assemblée Nationale, 2016).

In 1967, the French social security system underwent an important reform. A first important change was the separation of the unique territorial funds and the establishment of different national funds on the basis of social risks. A second important change was the introduction of paritarism in the administrative councils of those funds (Valat and Laroque, 2015). This was done together with the termination of elections in favour of nomination by representative organisations (Assemblée Nationale, 2016).

In 2012, an interprofessional national agreement (INA) set up common rules of functioning in paritarian institutions in France, in particular paritarism of control. This agreement was a reaction to the understanding that paritarism had disappeared, whether in the modes of governance of

different organisations, their financing arrangements or in the available means of control. Because of the importance of paritarism of control, there was the need to modernise paritarism and to gain greater visibility. As regards the governance of paritarian organisations, several aspects were discussed, including the general principle of transparency, rules about the administrative councils, certification and publication of accounts and financial control. Today, paritarism of control is present in France in various domains. The French Assembly estimates that one quarter of the social protection budget (which, in 2016 was estimated at EUR 150 billion) is managed in accordance with paritarism of control. Besides this, experts of the Institute Montaigne estimated in 2016 that EUR 58.6 billion of this social budget went to the occupational pensions managed by AGIRC-ARRCO (Damon, 2017).

In France, collective bargaining has three forms: collective bargaining at national level, which covers all private sector employees; collective bargaining at industry level, which can imply national, regional or local bargaining; and collective bargaining at company or workplace level. Although recent legislation has increased the importance of company-level agreements, industry-level bargaining still remains the most important level of collective bargaining. Industry-level agreements between unions and employers are binding on the employers connected to the employers' association that signed the agreement. Nevertheless, due to the possibility of the government extending its terms to all employers of either a certain industry or even other industries, industry-level agreements can eventually acquire a very broad scope of application (Damon, 2017).

# Overview of paritarism in selected European countries



## Key paritarian institutions in France

**AGIRC-ARRCO:** The establishment of the Association Générale des Institutions de Retraite Cadres (AGIRC) in 1947 was an important step towards a general introduction of paritarism into the French social security system. Following negotiations in a national paritarian committee, two collective agreements regarding the functioning of a complementary pension system for management employees were signed (Charpentier, 2016). These collective agreements established in particular three levels of institutions. The first level contains a paritarian committee responsible for the application of the new legislation. AGIRC is situated on the second level and administers the first level. In addition, AGIRC was made competent to grant complementary pensions, to guarantee a minimum allocation to the beneficiaries and to assure compensation for charges between the pension institutions. The third level contains the pension institutions that are responsible for relations with the beneficiaries. Paritarism is the general rule for all three levels, also meaning that the social partners, who act with complete autonomy, govern the administration (Institut Montaigne, 2017).

Later on, the field of complementary pensions was expanded with the creation of the Union Nationale des Institutions de Retraite des Salariés (UNIRS) in 1957 and the Association pour le Régime de Retraite Complémentaire des Salariés (ARRCO) in 1961 (Charpentier, 2016). ARRCO was created to generalise the complementary pension system and to coordinate this system for various employees (AGIRC-ARRCO, 2021). In 1972, the complementary pension system was

made obligatory. Several decades later and after many historical steps towards increased simplification, efficiency, and unicity of services for undertakings, active and retired people, an agreement was signed on 17 November 2017, effectively merging AGIRC and ARRCO. The agreement came into force in 2019 (Institut Montaigne, 2017).

The Agirc-Arrco pension scheme (that serves 80 billion € of pension benefits i.e. a quarter of pension benefits in France) is fully governed by the Social Partners at two levels: 1) that of the negotiation of major strategic framework agreements every 4 years, and 2) that of the permanent monitoring, administration and management by the Board of Agirc-Arrco. The result is a robust pay-as-you-go pension scheme, without debt and driven by the “golden rule” relating to reserves (around €60 billion in 2020) to guarantee the payment of pensions to each generation.

## **The Technical Centre for Provident Institutions - CTIP**

(Centre Technique des Institutions de Prévoyance) was established in 1986 as the representative for institutions concerning incapacity, disability, and dependency. These institutions are important actors in the complementary social security system in France. CTIP represents and defends them before national and European public authorities, and is structured and managed on a paritarian basis (CTIP, 2021). In particular, the Administrative Council of CTIP is composed of 30 members: 15 employee representatives and 15 employer representatives.



# Overview of paritarism in selected European countries

## Paritarism in Germany

### Use of the term 'paritarism' in Germany

The paritarian social fund SOKA-BAU, as well as other relevant operators including public administration, use the term 'paritarism' in the national context (in German Parität, paritätisch, paritätische Einrichtung, i.e. paritarian institution). The model is quite common in Germany and there are a huge number of institutions organised on a paritarian basis. The key characteristic is the setup by two different parties with equal rights and powers. Not only institutions, but also courts of arbitration, boards of directors and expert committees can be set up as paritarian.



### Legislative framework

The legal basis for the creation of paritarian institutions can be found in article 4 (2) of the Collective Agreement Act. Under this agreement, a paritarian agreement becomes valid between the institution and the collectively bound workers and employers (social partners). The collective agreement establishes the relationship between the paritarian institution and the individual. As a rule, it brings obligations for the employer to pay contributions, which often come with supplementary information requirements, and establishes rights for the worker, referring to benefits entitlements.

When it comes to the declaration of general applicability of collective agreements by the Federal Ministry of Labour and Social Affairs, paritarian institutions are also included in the scope of the Collective Bargaining Autonomy Strengthening Act of 11 August 2014. This way, the technical scope of a collective agreement covers all employment relationships in an industry.

The parties to the collective bargaining agreement had already established paritarian institutions in the sense of labour law in the 1920s, without any legal basis. This law was (and is) primarily conceived with benefits for workers who often change employers and therefore have an interest in making the entitlement independent of the individual employer, providing them with inter-company, typically industry-wide cover. Conversely, the employer must be keen to reduce the performance risk, which is sometimes difficult to calculate, by





# Overview of paritarism in selected European countries

balancing the burden on the company. Case law of the German Labour Court of the Weimar Republic recognised these common institutions despite the lack of a legal basis.

After the Second World War, because of the unstable economic situation, it was mainly the social funds in the construction industry that promoted the development of paritarian institutions. Thus, the paid-holiday fund, which was jointly financed by employers in the construction industry, took over the continued payment of wages during the holiday periods for workers in the entire federal republic. The occupational pension fund (Zusatzversorgungskasse des Baugewerbes AG, ZVK-Bau) provides additional old age and disability pensions.

In 1975, the construction industry's holiday and wage compensation fund was merged into 'Urlaubs- und Lohnausgleichskasse der Bauwirtschaft, ULAK', an economic association in accordance with paragraph 22 of the German Civil Code (BGB) with legal capacity under the state award. For regulatory reasons, the IORP ZVK-Bau has operated in the legal form of a joint stock company since 2007. Both institutions now perform under their brand name SOKA-BAU. In addition, the parties to the collective

bargaining agreement in the construction industry have introduced a procedure through the collective agreement on the vocational training procedure in the construction sector, by means of which the construction companies must participate in the employment of young professionals. Finally, in relation to the economy as a whole, paritarian institutions created on the basis of collective agreements have remained rather sector specific.

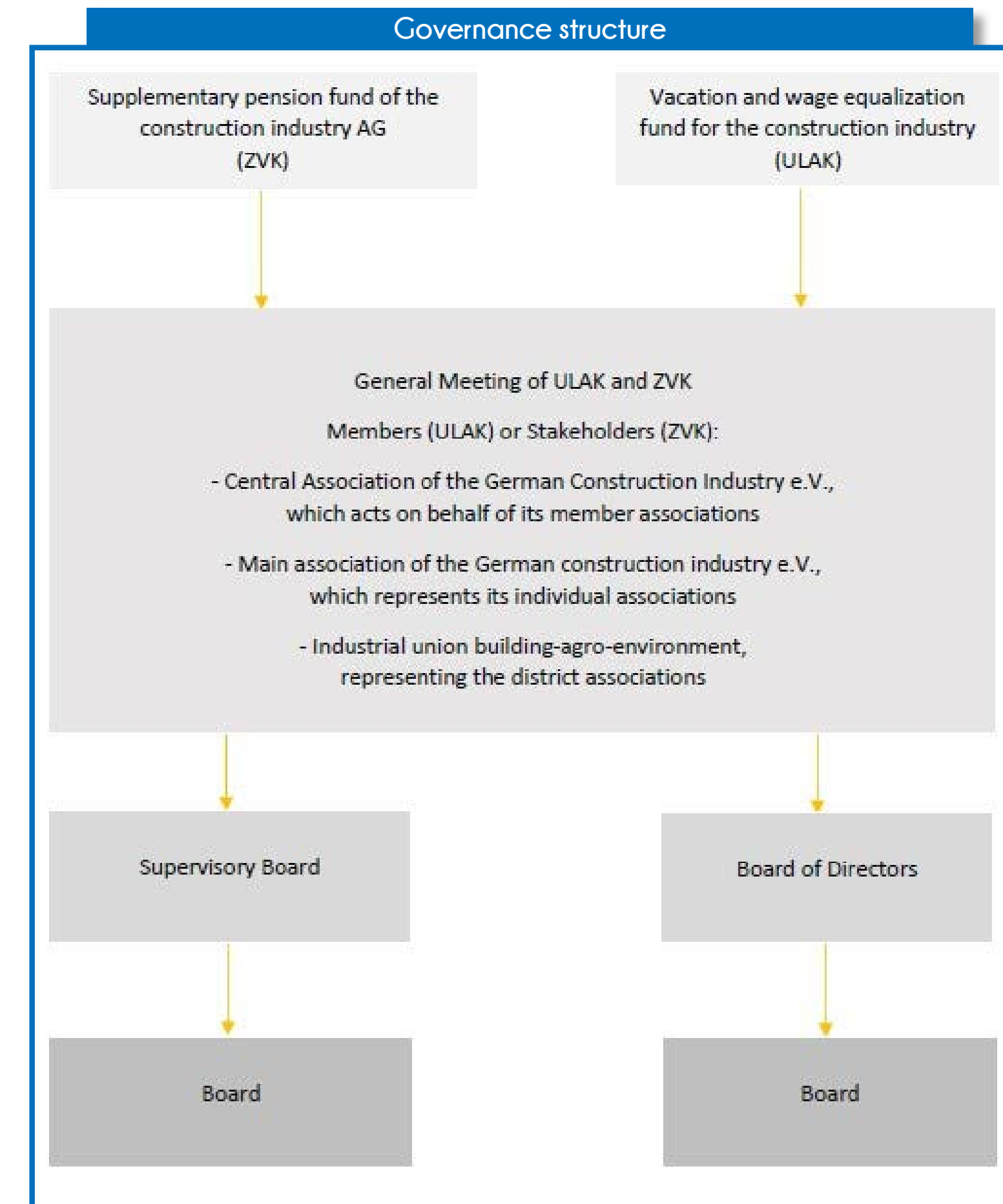




# Overview of paritarism in selected European countries

## Social partners and their relevance to paritarian institutions

ZVK-Bau and ULAK are the institutions of the parties to the collective bargaining agreement in the construction industry. They (the social partners) consist of Hauptverband der Deutschen Bauindustrie e.V. – HDB (Main Association of the German Construction Industry), Industriegewerkschaft Bauen-Agrar-Umwelt – IG BAU (Industrial Union for Construction, Agriculture and Environment) and Zentralverband des Deutschen Baugewerbes e.V. – ZDB (Central Association of the German Construction Industry). Through the General Meeting, the parties to the collective agreement as members (ULAK) or shareholders (ZVK-Bau) supervise the activities of the paritarian institution and participate in the decision-making process on an equal basis through various bodies (e.g. the Supervisory Board, the Board of Directors and the SOKA-BAU Commission).



# Overview of paritarism in selected European countries



## Key paritarian institutions in Germany

Joint institutions are founded by at least two collective bargaining parties (social partners) in the form of general company law or as associations. They are therefore essentially subject to those relevant regulations. However, they do have some legislative privileges. As an example, within the occupational pension scheme, they reserve the right to set up and implement pure amount commitments (pure defined benefit schemes). This is because this type of commitment has the potential to disadvantage workers, as they bear all of the risks arising from the commitment's performance. Thus, through parity supervision, it should be ensured that the interests of both the employer and workers are given equal weight. The prerequisite for the creation of a joint institution is therefore a set of clear social policy goals which are pursued collectively by the social partners. These do not have to be identical at every level of detail. However, they do have to be pursued jointly, and ideally evolve in a way that is complementary.

When ZVK-Bau was founded, the union's primary goal was to compensate workers in the construction industry for the disadvantages they incurred in the statutory pension due to their working conditions (many periods of frictional unemployment). However, the insurance conditions were deliberately linked to the hours of employment in the construction industry, thus corresponding to the primary wish of employers for long employment periods in this industry.

Thus, paritarian institutions are an expression of social partners' collective willingness to pursue complementary socio-political objectives. The corporate law form in which these are pursued is subject to purely legislative considerations of expediency.

## Services provided by paritarian institutions in Germany

It is important to make the following distinction: numerous paritarian institutions active in Germany provide various services and benefits in the field of social policy. However, social security is organised by the government, based on public law and not paritarian. It covers five pillars: health, unemployment, retirement, accident and nursing care insurance. Some – but not all – of these social security providers are financed in a paritarian way, shared between the worker and the company (e.g. health insurance).

Institutions that are set up and funded on a paritarian basis provide complementary services not covered by the public health insurance, as in the case of SOKA-BAU's holiday, vocational training and occupational pension schemes.

In addition, there are paritarian associations that are financed and promoted through donations. An example that represents many is the Arbeiter-Samariter-Bund (ASB), a non-governmental rescue service comparable to the Red Cross. Through this method of funding it benefits from the ability to act in a more flexible way, being able to respond to special demands faster than larger organisations. More



# Overview of paritarism in selected European countries

than 100 such paritarian organisations come together in a national association of paritarian welfare (Paritätische Gesamtverband, 2021).

## The paritarian model of SOKA-BAU

SOKA-BAU as a paritarian institution offers solutions to specific challenges in the construction sector, such as frequent employer changes, no stationary workplace, predominantly small business structures and a strong dependence on weather conditions. Therefore, SOKA-BAU offers a leave fund scheme, occupational pension and vocational training support.

In addition, SOKA-BAU ensures fair competition and working conditions by checking compliance with sector-specific minimum wages and participation in the paid leave scheme for domestic and foreign companies, in cooperation with the custom authorities and the federal employment agency. Although there are no rights of action by associations, SOKA-BAU is able to take legal action against employers and/or contractors in case of a contribution shortage. This means that the worker does not have to bear the financial risk and general burden of taking legal action, which most would not be able to do.

For all of these benefits, employers in the construction sector have to pay up to 20.8% of the workers' gross wage as monthly contributions to SOKA-BAU. For posted workers, the employer only has to pay 15.4%, because they

only participate in the paid leave scheme. To this effect, employers have to submit a monthly (electronic) report to SOKA-BAU. Based on the information SOKA-BAU receives, SOKA-BAU verifies whether an enterprise falls within the scope of the collective agreements of the German construction industry, and determines whether the obligation to contribute to SOKA-BAU has been fulfilled. When workers take paid leave, their leave allowance is paid by their current employer. The employer states the amount of leave allowance paid in his/her next monthly report and applies for a reimbursement to be paid by SOKA-BAU. In this way, employers only pay for the paid leave entitlement the worker has earned while working for that company. If the workers meet specific requirements, they can apply for payment in lieu of leave (subject to social security and tax liability) and/or compensation.

With the representation of the social partners and the resulting close cooperation, SOKA-BAU can create a platform to discuss and balance the different interests of the social partners, both employers and workers. Together with the social partners, SOKA-BAU is able to develop sustainable solutions for the future of the construction industry. Part of this is also keeping the construction sector attractive for employers as well as for workers by protecting the regulations of the collective agreement.



# Overview of paritarism in selected European countries

## Coverage of workers in non-standard forms of employment

The definition of what constitutes non-standard forms of employment is subject to change over time. Today's forms of 'non-standardised' work, such as temporary workers, self-employed workers, platform workers, etc. were unknown when most of the joint institutions were launched between 1949 and 1980. Non-standard forms of work during that period have been characterised by short duration, frequently interrupted employment relationships as well as employment relationships with high levels of physical stress for which no health protection was available at individual level.

The Institute of Declaration of Universal Applicability allowed the parties to the collective bargaining agreement, with state support from the Federal Ministry of Labour and Social Affairs, to include entire sectors in socio-political solutions for sector-related deviations from what is perceived as the 'normal' working standard. These industry-specific solutions have also proved to be very effective and flexible in the past. The challenges presented by the new forms of non-standardised work, however, are of a new scope. Not only is willingness to participate in an employment relationship generally declining on the side of both the employer and worker, but also the classic parity bases are disappearing. Self-employed, and those employed in the platform economy, seem to be acting as independent individuals and thus expressly evading the creative power of the employers' associations, despite the declaration of universal applicability. Even an attempt to collectively integrate these groups of new, non-standard forms of work provokes resistance, standing in the way of the development of collective instruments for social security.





# Overview of paritarism in selected European countries

## Paritarism in Italy

### Use of the term 'paritarism' in Italy

The term 'paritarism' (paritetico) is used in relation to every fund, entity or organisation created by and composed of the representative national social partners.

### Social partners and their relevance to paritarian institutions

The National Paritarian Committee for Local Welfare Funds (Commissione Nazionale paritetica per la Casse Edili – CNCE) is the national institution of social partners that are signatories to national collective labour agreements in the construction sector. They include employers' organisations (ANCE), associations of cooperatives of production and

work (ACI PL), craft organisations (ANAEPA Confartigianato, CNA Costruzioni, CLAAI and CASARTIGIANI), the association of small and medium-sized enterprises (CONFAPI ANIEM) and trade unions (FENEAL UIL, FILCA CISL and FILLEA CGIL).

These social partners have entrusted CNCE with guiding, controlling and coordinating the system of 114 welfare funds (Casse Edili) that exist in Italy. These welfare funds are bilateral bodies that are specific to the construction sector. Although they are independent bodies created by local organisations, the structure and most important functions of the welfare funds are defined by the national collective agreement. The funds operate only in the construction sector and have been developed to respond to the significant inter-company mobility of workers that characterises its employment relationships.

### Legislative framework

Enrolment of the company in the welfare fund is a condition for the fulfilment of the collective labour agreement in the building sector. Subscription to the fund automatically entails enrolment, both for employers and workers, in the building schools and committees for safety, health and hygiene at work (CPT). These are bilateral bodies that provide training courses under the mandate of the social partners.

Besides providing workers with the services foreseen by the national collective labour agreement, the welfare funds certify the regularity of contributions paid by the companies.





# Overview of paritarism in selected European countries



Following such control, the funds, together with two other public bodies (INPS and INAIL), release a Single Regularity Document (DURC). This document allows participation by the company in public and private works, and the collection of payment for work performed. It also guarantees the possibility to receive loans and benefits from public administrations. By certifying the regularity of the company, the funds therefore perform an important public function.

In Italy, the concept of paritarism finds its origins in the mutualistic tradition developed at the end of the 19th century, with the aftermath of the second industrial revolution and the so-called 'social question'. This period was characterised by great precariousness, productive reconversion and urbanisation, and created a wider discomfort in the working classes of the time. In light of this, entrepreneurs became aware of the necessity to ensure continuity of work and a sense of loyalty in their workers. They also realised the importance of providing training to improve their skills and allow their growth. It is in this context that the social partners developed their function and entered a dialogue to create forms of collaboration and mutual assistance.

The first welfare fund was created in Milan in 1919, on the basis of an agreement between the Board of Master Builders and the Mutual Improvement Association to cover bricklayers, shovellers and unskilled workers. The agreement set up involuntary unemployment benefits of construction workers, and marked the first example of organisation

between business and worker associations. This institution was managed bilaterally and was supported by a fund that workers and employers contributed to on an equal basis.

The establishment of this fund was also the first opportunity to address the issue of the inequality of status between construction workers and those operating in other economic and industrial areas. In fact, the construction sector was (and still is) characterised by a strong seasonality and structural fragmentation due to the nature of the construction site.

The process for the creation of a single national fund began at the end of 1977, when social partners signed an agreement establishing the obligation for all welfare funds to apply a single statute. It is in this context that the Joint National Committee for Building Workers' Welfare Funds (CNCE), as we know it today, was set up. Its main task was to verify the compliance of the territorial welfare funds with the legislation, and to provide general coordination among them.

## Key paritarian institutions of social protection

The establishment of bilateral bodies stems from the collective bargaining of social partners. These bodies are jointly established and managed by social partners, but are independent from them. Their aim is to provide services to employers and employees in what is defined overall as contractual welfare. They can pursue one or more purposes and provide different services, which are financed through



# Overview of paritarism in selected European countries

the contributions of the members (employers and workers), according to the collective agreement of reference. These bodies can exist at confederal, categorical, territorial or corporate level, and the contract on which they are established can have a national, second territorial and/or corporate scope. It is then for the social partners to decide, in their own sphere of autonomy and according to the contractual arrangements, whether to establish one or more bilateral bodies, characterised by their own statute, regulations and governance.

The welfare system that stems from the contractual law is therefore made up of a universe of bilateral bodies which, although diversified from each other, present some fundamentally common traits. With regard to the construction sector, the bilateral entities and funds are:

- The National Paritarian Committee for Local Welfare Funds (CNCE) and the 114 local welfare funds
- Training schools coordinated by FORMEDIL, with their respective regional divisions
- Joint Territorial Committees (CPTs) coordinated by the National Commission of Joint Territorial Committees (CNCPT)
- The supplementary pension fund (PREVEDI)
- The fund for health insurance (SANEDIL)

The funds (SANEDIL and PREVEDI) are usually national, while the welfare funds, training schools and CPTs are provincial or regional, but are coordinated by the national body (CNCE, FORMEDIL and CNCPT).

## Coverage of workers in non-standard forms of employment

In Italy, since 2018, paritarian institutions in the construction sector have had the possibility to include the self-employed in their schemes (other types of workers are excluded). This is a voluntary mechanism that gives workers the possibility to pay a contribution (a percentage of their revenue) to the funds, in order to gain access to the services they provide. However, the law that offers this possibility was only implemented in September 2020, which explains the low number of applications received so far.





# Common elements of paritarian institutions: the added value of the paritarian model

## Common elements of paritarian institutions: the added value of the paritarian model

As it emerges from the descriptions of the historical development, missions and operation of the AEIP members, paritarian institutions of social protection share the same overarching goals and values. Despite their particularities and differences linked to the national context in which they operate, they all act according to the rules established by employers and trade unions on a joint basis, and do so by complementing the social protection services provided by the state. Examples of these services include pensions, healthcare, paid holiday schemes, accident insurance and unemployment benefits.

All of the institutions were created in the 20th century with the aim of providing a joint and shared response to social and economic challenges. Today, they pursue the same goal, as they constitute an additional source of social protection and complement the role of the state in providing this coverage. Moreover, they have developed further and broadened their scope to include, in some cases, additional roles and responsibilities in response to the specificities of the national socio-economic environment. The prerequisite for the creation of a paritarian institution is therefore the existence of clear social policy goals, which are shared and pursued collectively by the social partners. This is evident in the case of paritarian institutions operating in the construction sector,

which have started to provide vocational education and training, as well as controls for fighting undeclared work.

Because of their efficiency, some paritarian institutions have even established protocols of cooperation for the exchange of information, allowing for safer, smoother and easier mobility of workers in the sector. This is the case for the bilateral agreements signed in 2008 between paritarian welfare funds of Italy, Germany, Austria and France (CNCE, SOKA-BAU, BUAK and UCF respectively), which allow simplifications for the posting company to work in another country. Today, these represent a unique tool for safeguarding workers' and companies' rights.<sup>18</sup>

From an operational point of view, paritarian schemes are the institutionalisation of the right of self-regulation of social partners. They are independent from the state and are based on collective agreements negotiated between employer and trade union representatives in the specific context of each national social and labour law. The financial resources that they are entrusted with for providing social protection benefits derive from work-based social contributions, paid by both employees and employers. They are all not-for-profit organisations, whose financial operations are limited to ensuring that the resources accumulated through the received contributions will act as a guarantee and safety net throughout a worker's life and career.

In line with the historical context in which paritarian institutions were born, they have the potential to safeguard the social

18. The agreements safeguard the worker, who does not see himself as denying or fragmenting an important part of his contribution and avoid companies exacerbating bureaucracy or requesting payment of a 'double contribution'.





# Overview of paritarism in selected European countries

standards embedded in the European identity and promote values such as solidarity and transparency. In particular, by developing rules through social dialogue, paritarian institutions of social protection can address and mitigate social conflicts through constructive dialogue, leading to compromises that benefit both parties. Through the joint governance of employers and employees, the paritarian system has encouraged a modern relationship of industrial relations that has fuelled concertation between social partners. In turn, this has allowed them to build a system able to evolve and adapt to the needs of the labour market, but also to the expectations of workers and companies. All of these elements are constantly evolving, and this evolution has an important impact on social security systems, as well as on the way individuals perceive them. Therefore, by building on the consensus between employers and employees, paritarian institutions appear as the best placed institutions to address the challenges faced by welfare systems across the EU. Their complementary role in providing social protection is therefore paramount to secure a democratic process and an effective

pluralism in the provision and management of welfare policies. In the current debate about the redesigning of social protection systems, paritarian institutions can strengthen and promote their role as a legitimate mediator between institutions and workers, by informing the public and policy makers on the challenges that lie ahead.

Paritarian institutions are able to provide solutions to the rising challenges of the labour market, such as the need to adapt the skills and qualification of workers. At the same time, they can be seen as an instrument for understanding the changing needs of the workforce, such as a reconciliation of family and work life, health and safety concerns or part-time work in old age. Due to their involvement in cross-border situations, paritarian institutions foster the free movement of workers, prevent wage dumping and support the development of the European internal market. Furthermore, pension benefits provided by paritarian institutions are tailored to industry-specific characteristics, and can play an important role in preventing old-age poverty. For these reasons, social partners adhering to the principles of paritarism must be actively involved in the debate on the future transformation of national social security systems, in order to respect the importance of sectoral consultation and widen the scope of topics that need to be addressed.



# Paritarism in the context of the Covid-19 pandemic

## Paritarism in the context of the Covid-19 pandemic

The Covid-19 pandemic has been an unprecedented event that has brought a wide range of serious challenges for societies, individuals and economies around the world.

The pandemic has highlighted the significant social function of paritarian funds in supporting economies and citizens. Paritarian funds of social protection ensure a wide range of benefits while they work as automatic stabilisers in times of economic strain. Importantly, this type of social protection scheme helps to promote transparency and democratic legitimacy, due to the fact that social partners are involved in their management.

At the same time, paritarian funds constitute important institutional investors, thus contributing to long-term investment and sustainable economic growth while ensuring financial stability. Even more so during the pandemic, they act countercyclically by maintaining their long-term strategic asset allocation regardless of the market conditions. In the current economic environment of persistent low interest rates and the detrimental effects of the Covid-19 pandemic, paritarian institutions can invest in the real economy, thus contributing to the much-needed recovery process.

For these reasons, the pandemic has reaffirmed the stable nature and long-term vision of paritarian institutions. AEIP members did not face any operational ruptures or liquidity issues. On the contrary, they continued to pursue investment policies with a long-term horizon, and communicated to their members and beneficiaries that their main priority remained the provision of adequate benefits. These recent developments demonstrate the important role of paritarian institutions of social protection in addressing the challenges of the pandemic, accentuating the existing long-term trends with regard to social, economic and health inequalities and the changing labour markets.





# Policy recommendations for support of paritarian social protection funds

## Policy recommendations for support to paritarian social protection funds

Given their importance, the role of paritarian occupational schemes can be enhanced through a number of national and EU-wide policy measures, including:

1. The creation of a regulatory framework in all EU Member States to extend formal coverage to workers and the self-employed

Social protection has traditionally been designed with a specific profile of worker in mind which, in most cases, excludes self-employed and non-standard workers. While we welcome temporary measures to support these categories during the crisis, we call on Member States to ensure permanent effective coverage for all workers. Paritarian institutions of social protection must be included in the process of considering policy options, as they can provide the mechanisms to guarantee such coverage.

2. The creation of tax and financial incentives for both employees and employers to opt for supplementary benefits schemes

Decisive policy measures at EU and national level are needed to support and enhance capital-based and collective systems of social protection managed by social partners in countries where the impact of I-pillar is limited. These measures will promote second-pillar savings and ensure that individuals start saving collectively from early on in their career. This in turn will deepen the European Capital

Markets Union by enabling households to allocate savings towards financial market instruments with decent returns and protection against inflation, rather than bank deposits with real negative returns.

3. Enhancement of coverage for collective schemes and the introduction of quasi-mandatory or nudge mechanisms, such as automatic enrolment

Over the last decades the financial burden of welfare services has gradually shifted to the individual. It is therefore important to support occupational funds with appropriate policy instruments for strengthening their long-established model of collective risk-sharing, since this latter is a structural characteristic deeply embedded in European economies and societies. The wide adoption of complementary schemes will also have a positive impact on the sustainability and adequacy of welfare systems, already under heavy pressure due to the pandemic's effects.



# Policy recommendations for support of paritarian social protection funds

4. An appropriate prudential regulation for IORPs and health insurance occupational schemes that recognise the long-term commitments of these institutions  
We stress the need to keep an appropriate cost of capital for second-pillar social protection schemes in the prudential framework of Solvency II and IORP II. The ageing of the European population is an issue for the sustainability of state social protection systems. Hence, it is in the EU's utmost interest to promote occupational paritarian funds by avoiding heavy prudential framework costs for the European workforce.

5. Development and implementation of a proper framework for sustainable finance to restart economic growth and recovery  
Considering the long-term effects of the Covid-19 pandemic, we stress the need to keep the focus of policy makers on sustainability and green growth. The established European standards on sustainable finance should be the drivers behind efforts to restart economic growth and recovery. The European framework for sustainable finance should presuppose the availability of comparable and reliable data for the purposes of sustainable finance disclosures and non-financial reporting.

6. A proper regulatory framework that would alleviate barriers to cross-border investments and find a balanced risk-based approach for investors such as the paritarian institutions of social protection  
Economic recovery in the aftermath of the Covid-19 shock will be supported and accelerated by increased EU cross-border investment, as part of deepening the capital markets union (CMU). However, participation in the CMU – as also in green finance and sustainable growth – requires a certain risk tolerance. Paritarian schemes fully support a risk-based approach under the condition that it keeps the right balance between sustainability and adequacy of benefits provided.

7. An EU tax policy that does not create any additional burden on the functioning of occupational funds and I-pillar pensions / social security funds as investors in the EU economy  
Certain initiatives of the EU tax policy, such as the Financial Transaction Tax (FTT), represent an obstacle to strengthening the role of occupational paritarian institutions as investors in the EU economy. Paritarian institutions should therefore be exempted from the scope of these initiatives, since they are not pure financial institutions and play an important role in ensuring adequate social benefits to their members. With regard to pension funds in particular, EU policies should remove unnecessary VAT burdens, regardless of the character of the schemes and the Member State in which the services are being received.

19. For further reference, see AEIP's White Paper – A Roadmap on Social Protection: [https://aeip.net/wp-content/uploads/AEIP\\_WhitePaper\\_2019\\_Sep-tember-Final.pdf](https://aeip.net/wp-content/uploads/AEIP_WhitePaper_2019_Sep-tember-Final.pdf)





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**8.** Promotion of and support for financial literacy programmes to strengthen the trust of the general public in collective social protection schemes  
Financial literacy programmes are fundamental to empowering citizens to make better life decisions, and can contribute to the consolidation of solidarity within the existing collective systems. The economic pressure created by the Covid-19 lockdown measures revealed the necessity for individuals to have robust savings mechanisms that could allow them to support themselves during economic downturns. EU and national institutions should promote long-term planning and informed decisions about the benefits of such schemes.

**9.** Strong support for social dialogue and balanced industrial relations  
The future of paritarism is strongly linked to that of social dialogue. Collective bargaining can only occur if employers and employees recognise themselves in their representatives. Today the paritarian model is challenged by declining union membership, as well as an increasing number of workers in non-standard forms of employment who are not represented at all and often lack adequate social security benefits. Governments should promote conditions and regulatory frameworks that foster social dialogue among social partners, which is crucial to the development of the paritarian social model.<sup>19</sup>

**10.** Advancement of the Social Europe Agenda  
The Porto Summit of 7 and 8 May 2021 was an important moment for the enhancement of Social Europe. During the first day, social partners and civil society signed the Porto Social Commitment, thus adhering to the three 2030 headline targets set in the Commission's European Pillar of Social Rights Action Plan. On the second day, the members of the European Council adopted the Porto Declaration on Social Affairs.

AEIP welcomed the European Pillar of Social Rights Action Plan, underlining in its response to the Commission consultation the important role of paritarian institutions across the EU for the creation of sustainable and inclusive social protection. As many points of the pillar are relevant to its vision and function, AEIP recommended EU-level support for social dialogue, collective bargaining and industrial relations through project funding for joint initiatives of social partners, especially in EU countries where these processes still lag behind. Therefore, AEIP encourages the Commission to pursue the full implementation of the Action Plan and to continue a dialogue with interested stakeholders throughout its realisation.

19. For further reference, see AEIP's White Paper – A Roadmap on Social Protection: [https://aeip.net/wp-content/uploads/AEIP\\_WhitePaper\\_2019\\_September-Final.pdf](https://aeip.net/wp-content/uploads/AEIP_WhitePaper_2019_September-Final.pdf)



# AEIP's work in Brussels

As of November 2021, the Association has 15 Associate and Affiliate members – all leading large and medium-sized Social Protection Institutions, from 11 European countries, as well as 14 Task Force Members from 6 European countries.

Since its foundation, AEIP's mission has been to promote paritarism and to represent and defend the interests of its members – the European paritarian institutions, administered jointly by representatives of employers and workers.

**AEIP's vision:** The policy and legal environment at European level supports and enables the development and operation of the paritarian institutions, the members of AEIP.

**AEIP's mission:** AEIP develops and promotes innovative policy solutions at European level to the benefit of the European

paritarian institutions of social protection, contributing to all policies with relevance to the adequacy and sustainability of social protection systems.

**AEIP's purpose:** AEIP works with decision makers and partners towards achieving adequate and sustainable social protection policies on the basis of the shared positions of its members and in line with the paritarian values. AEIP is there to collectively achieve policy objectives that cannot be reached by individual members.

In the past years, AEIP has been working towards fostering the development of the paritarian model by welcoming European paritarian entities and creating a solid relationship with the European and international institutions. Since its establishment, AEIP has evolved into an organisation where innovation and ideas for reforms and change are continuously sought and developed through the establishment of strong international collaborations with institutions and partners.

AEIP recognises that growing challenges such as slower economic growth, an ageing population and labour market transformations will have huge implications on future social protection systems. AEIP is already taking these trends into consideration and is working actively to ensure its support to members and partners. Against this background, AEIP's work has contributed extensively over the past 20 years to the modernisation of social protection systems through social dialogue and will continue to do so in the years to come.





# Conclusions

## Looking forward

The future of paritarism is inextricably linked to the fate of European welfare systems. The active inclusion of social partners in the paritarian model reflects the fundamental role of social dialogue for the success of the European social system. Apart from the current challenges attributed to the general historical and economic context, such as demographics, persistent slow growth and wage competitiveness, paritarian institutions face certain adversities linked to their nature.

For decades now, collective bargaining systems all over Europe have come under pressure. In this regard, the representativeness of trade unions constitutes a major challenge for the balance of paritarism, since union membership is declining at a steady pace. At the same time, a growing workforce of non-standard workers who

are not represented at all is an additional element posing a challenge to the paritarian model.

Coping with these challenges requires a profound reflection on paritarism, allowing for an innovative approach that stays faithful to the principles of solidarity, self-determination and social justice. As long as social partners succeed in transforming themselves into organisations that also represent younger employees and non-standard workers, the paritarian model has many ways in which it can be strengthened and serve its primary goals within each national context. Importantly, any attempt to initiate dialogue for future solutions should be done in the spirit of paritarism through cooperative decision making and reciprocity.

Finally, the pandemic has also shown the need to reinforce the existing institutions of social protection. These have been a source of social coherence and solidarity among people during this challenging period. The paritarian system possesses all the necessary tools for democratic and all-inclusive concertation on how to advance with the unprecedented repercussions of the Covid-19 crisis. By openly discussing the challenges posed by the current situation for the existing social contract, as well as for the balance of established institutions, paritarian organisations of social protection can continue to play an important role in the wellbeing of citizens.



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European Association of Paritarian  
Institutions of Social Protection

## Mission

AEIP develops and promotes innovative policy solutions at the European level in benefit of the European paritarian institutions of social protection, contributing to all policies with relevance to the adequacy and sustainability of social protection systems.

## AEIP purpose

Working with decision-makers and partners towards achieving adequate and sustainable social protection policies on the basis of the shared positions of its members and in line with the paritarian values. AEIP is there to collectively achieve policy objectives that cannot be reached by individual members acting individually.

## Who are we?

AEIP is the leading non-profit association gathering institutions, organisations, companies and federations involved in the development and management of Paritarian Social Protection schemes in Europe.

## What do we want? (Identity, DNA)

We have been entrusted by our members with the responsibility to protect and defend the Paritarian social protection schemes at the local and the European level.

## What do we do?

Through our presence, our proposals and our communication we defend, develop and promote a responsible and powerful Paritarism as a means for optimal and efficient social protection.

## Where do we go in medium term?

Our intermediate goals are:

- Ensure the effective representation of the European paritarian institutions.
- Ensure a forward looking approach in proposing solutions at the European level on the basis of a common vision and shared priorities.

## Long term vision

AEIP will ensure that the policy and legal environment at the European level supports and enables the development and operation of the paritarian institutions - the members of AEIP.