



SOSIALDEPARTEMENTET

Ministry of Social Affairs

Report No. 6 to the Storting (2002–2003)

Plan of action for combating poverty

Abbreviated version.

Unofficial translation from the Norwegian

Table of Contents

1	Introduction	5	5.1.1	Measures aimed at immigrants and refugees	17
1.1	The Government's main goals and strategies	5	5.1.2	Measures aimed at long-term recipients of social assistance	17
1.2	The value basis	6	5.1.3	Measures aimed at young people at risk	18
1.3	What is poverty?	7	5.1.4	Measures aimed at disability pensioners	18
1.4	Combating poverty as part of a broader welfare policy	8	5.1.5	Measures aimed at single parents ..	18
2	Summary (Not included here)	10	5.2	Making the welfare schemes targeted	18
3	A description of the situation – challenges	11	5.2.1	General measures	18
3.1	Regarding low-income problems ..	11	5.2.2	Measures aimed at immigrants and refugees	18
3.1.1	The occurrence of low income in Norway	11	5.2.3	Measures aimed at children and families with children	18
3.1.2	An international comparison	11	5.2.4	Measures aimed at substance abusers	19
3.1.3	Who has a prolonged low income? ..	11	5.2.5	Measures aimed at people suffering from mental problems	19
3.2	Large essential expenses in combination with a low income	12	5.2.6	Measures aimed at the homeless ..	19
3.3	Further details regarding children ..	12	5.2.7	Measures aimed at disabled and chronically ill people	20
3.3.1	Children in households with a prolonged low income	12	5.2.8	Measures aimed at disability pensioners	20
3.3.2	The effects of a prolonged low income on children	13	5.3	Social inclusion	20
3.4	Living-condition problems and a prolonged low income	13	5.3.1	General measures	20
3.4.1	Poor or non-existent ties to working life	13	5.3.2	Measures aimed at children and young people	20
3.4.2	Low wages	14	6	Following-up the plan of action to combat poverty	21
3.4.3	Little education	14	6.1	Social reporting	21
3.4.4	Educational drop-outs	14	6.2	Research and development	21
3.4.5	Poor housing conditions and homelessness	14	6.3	Social revision – a permanent system for assessing new and existing welfare schemes and measures	22
3.4.6	Health problems	14	6.4	The EU framework programme for social inclusion	22
3.4.7	Mental illnesses	14	6.5	Follow-up in the annual national budgets	22
3.4.8	Substance-abuse problems	14			
3.4.9	The welfare schemes and the poverty problem	15			
4	Vision, goals and strategies	16			
5	Measures	17			
5.1	Measures aimed at getting more people into work	17			

1 Introduction

1.1 The Government's main goals and strategies

More than 1 billion of the world's population live in extreme poverty, characterised by hunger and great need. The Government's responses to the global poverty challenges are stated in the plan of action for combating poverty in the south towards 2015.

Norway is one of the best countries in the world to live in. Most of the population has a high standard of living and good living conditions. However, a small minority live in a situation characterized by poverty. Poverty in today's Norway is different from poverty in an international context, and the extent of it is little compared to in other industrialised countries. Traditional poverty has more or less been eliminated. However, living in social and material need in a welfare society with a generally high standard of living will often be felt to be particularly difficult.

The Government's vision is for no one in Norway to live in poverty. Based on this plan of action, the Government wishes to implement measures to combat poverty in Norway.

Poverty in our country does not now affect large, easily identifiable groups – it affects individuals with varying backgrounds. The reasons for some people being poor are often many and differ from person to person. Wide-ranging welfare schemes help prevent large groups of the population from ending up in poverty due to unemployment, illness, disability, substance-abuse problems, old age, etc. However, despite a high general welfare level and a well-developed welfare system, there are still some people who are poor. The Government therefore believes that the challenges of poverty cannot just be met through universal welfare schemes and a wide-ranging equalisation policy. Combating poverty also requires targeted services adapted to the individual's special situation and requirements.

Efforts must target the people who live in poverty, the causes of poverty and the risk factors for becoming poor. The Government's goals are to help people out of poverty and to prevent poverty. In addition to targeted measures, the Government

will further develop the universal welfare schemes so that these can contribute to a greater extent to helping people out of poverty and to preventing poverty.

Most of the people who live in poverty for a lengthy period of time do not work or only work sporadically. The main efforts must therefore target making these people better able to provide for themselves through their own work. Both the welfare services and benefit schemes must have this goal as their aim.

Some people suffer from poor health and other problems that make them unable to work. The public sector has a duty to ensure that these people have a sufficient standard of living, while also giving them the opportunity to have meaningful activities and take part in society.

It is particularly unacceptable for children to be living in poverty. Disadvantaged families with children are a prioritised target group for the overall efforts to combat poverty.

In addition to implementing measures to help people out of poverty, the Government will place emphasis on efforts to prevent new people from ending up in a situation characterised by poverty. The Government will work to avert social exclusion related to poverty problems. It is particularly important to ensure the social inclusion of children and young people who are in danger of being excluded from school and leisure-time activities due to their parents' financial and social situations.

The Government wants to pave the way for a policy that better helps to prevent and reduce poverty. The Government has therefore initiated a dialogue with key user groups and various non-governmental organisations and research environments regarding how poverty can most effectively be combated. The Norwegian state and local authorities play a key role in organising measures that are adapted to the individual's requirements. Voluntary organisations provide important assistance to the public sector in this work.

The type of poverty that exists in today's Norway is complex and multi-faceted, and there are

no easy solutions. The vision of a society without poverty is not realisable in the space of one year. This plan of action to combat poverty is the first step in a long-term, systematic and targeted effort.

1.2 The value basis

It is shameful that individuals experience poverty in the Norwegian welfare society.

Human beings have material, social and spiritual needs that vary from person to person. Good living conditions are important for the individual's development and quality of life. Each individual's living conditions and situation in life are a result of events that have happened in his or her life and framework conditions, but are also determined by individual choices. The Government will adopt a policy that gives the individual the *freedom to choose*.

All human beings are of infinite value, irrespective of their social or financial backgrounds or cultural and religious ties. Everyone must be given *equal opportunities* based on his or her abilities, resources and qualifications. The public sector is responsible for making conditions suitable for everyone to have the same opportunities and prerequisites for attaining good living conditions.

The public sector cannot combat poverty alone. The individual has *a responsibility for his or her own life*. Demands must be placed on everyone based on the individual's abilities and resources. A welfare society must be based on an understanding that the state and its citizens have mutual responsibilities and obligations. Making demands is an expression of respect for and belief in the individual. Faith in one's own possibilities is important for getting out of a difficult situation. The Government will work to create a welfare society that supports the individual's initiative and own efforts and in which the individual accepts joint responsibility.

Children have no opportunity to influence their financial situation and are dependent on their parents and other adults. Children's living conditions are to a great extent determined by their parents' financial and social situations. Parents have the main responsibility for ensuring their children good childhood and living conditions. Children who suffer from financial and social need are, however, particularly entitled to protection by society at large. This is not least important for ensuring that social exclusion and

poverty are not inherited by one generation after the other.

The Government's policy for combating poverty is based on the idea that individuals have a natural desire to master their own situation in life and to support themselves and their families through their own efforts. Financial independence is important for the individual's self-respect and freedom of action. The Government will pave the way for individuals to support themselves to the greatest extent possible through their own employment.

Many people will, for shorter or longer periods of their lives, be unable to support themselves through their work or own income and will be dependent on other people helping them. Many people find solutions within their own family or through friends and other social networks. Others will not be able to manage without help from society. Everyone must feel sure that they will get the necessary help, irrespective of the cause of their problems. Society has a duty to help people who are in need or in danger of being excluded. The welfare schemes must provide *financial and social security* so that everyone can live a dignified life. People who are permanently dependent on public benefits to survive must be made to feel completely sure that they will not be affected by poverty or long-lasting poor living conditions.

For those who cannot take part in ordinary or adapted employment, other activities will give their lives quality and make them feel they belong. The Government will work to create *an including society*, in which emphasis is placed on participation and a feeling of belonging through the family, local environment, voluntary efforts, education or other activities.

For those who are excluded, the public sector's efforts to assist must be based on the individual's needs. The services must be adapted to the users and not vice versa. This means that different people will be offered differing services and benefits, depending on the individual and unique needs of each individual.

It may take time to work one's way out of a situation characterised by poverty and extensive problems associated with living conditions. The Government will adopt a policy that provides those who need it with *a new chance*. The way in which the public services meet users must be based on respect for human dignity and promote values such as personal responsibility and the individual's right to decide over his or her own life.

1.3 What is poverty?

There is no official definition of poverty or poverty limit in Norway. Researchers have recommended having a clear, unanimous definition of the concept of poverty as the basis for forming policies and public debate. The Government has seen the need to clarify the concept, basically to measure the scope and development of poverty and to create measures to counteract these problems. A simple definition will not cover poverty as a complex, heterogeneous phenomenon. The definition must therefore be supplemented with a set of indicators for measuring various aspects of the poverty problem. This applies not least to how society at an early stage can discover that children are living in poverty.

There is also a need to develop a good concept system and measurement indicators for other social problems. Such problems must be looked at just as seriously and thoroughly even though they are not directly related to the problem of poverty.

Poverty is generally thought of as people having an unacceptable standard of living due to huge financial and material shortages. The concept of poverty used by researchers is usually linked to a financial-shortage situation that has a major effect on people's living conditions. The Government has created the plan of action to combat poverty based on this understanding of the concept.

Poverty is usually understood to mean that people have such a low income, possibly combined with high essential expenses in connection with illness, a disability, etc, that they cannot meet their basic welfare needs over a lengthy period of time. This plan of action adopts a low income, measured as 50 per cent of the median income, that lasts for three years as a main indicator of poverty.

A sufficient and predictable income is, for most people, an essential prerequisite for achieving an acceptable standard of living. There are no objective criteria for what is a sufficient income. Both nationally and internationally, it is normal to put the limit for a low income at 50 per cent of the median income, and the plan of action to combat poverty is based on this income measure. Those who earn less than this have an income that is much less than the income level of the general population. Such a relative income measure takes into consideration that greater financial resources are required to participate in society in a rich country than in a poor one.

When the low-income level is set based on the distribution of income in the population, this does not provide a direct answer regarding who has insufficient income to cover his or her basic welfare needs. Several bodies have proposed supplementing the income measure for poverty with calculations of living costs. The Ministry of Social Affairs has therefore asked the National Institute for Consumer Research (SIFO) to develop a basis for determining a minimum standard for necessary living costs, based on this institute's expertise in living conditions and consumer finances.

Many people have an income that is temporarily low. This applies to students, those doing national service in the Norwegian armed forces and the self-employed, who may have a low income for a few years. Some people experience that their income disappears or is reduced in connection with transitional periods of life: between studying and working, when on a leave of absence, in connection with a divorce, etc. Poverty is not a problem for most of these people.

A low income over time is assumed to increase the risk and frequency of poor living conditions. The EU has chosen to measure a low income over a three-year period in order to shed light on poverty and social exclusion. This plan of action uses a low income, measured as being 50 per cent of the median income, that lasts for three years as a main indicator of poverty. In order to shed light on the distribution of low income and the number of people who are assumed to have an increased risk of ending up under the low-income limit, an account is also given, in line with the EU approach, of the number/percentage of people who have an income that is less than 60 per cent of the median income.

A low income means that a large part of the income is used to cover basic needs, such as food, clothing and housing. Particularly for those with high essential expenses in connection with illness or disability, housing, etc, a low income may mean that basic welfare needs are not being met.

The reasons for some people experiencing a prolonged financial-shortage situation may be that they have no or only weak links to the labour market, that they suffer from poor health, substance-abuse problems or unstable living conditions, or that they are socially excluded, etc. Any defects in these areas mean they have an increased risk of poverty, and may also lead to them being excluded from participation in important areas of society and being in a socially exposed situation. Weak links to the labour mar-

ket, poor health, unstable living conditions, etc., may also be the consequences of not having sufficient financial resources over a lengthy period of time. Measures to prevent and reduce poverty must target these problem areas. Refer to the more detailed description in chapter 3.

Although a low income is a one-dimensional way of measuring a complex problem, it is often connected to problems in other living-condition areas. A low income is therefore a frequently used indicator of a person's total financial and social living conditions. The Government will, within a system involving social reporting (refer to the description in chapter 6), develop a set of indicators to measure the scope and development of poverty viewed in connection with living-condition problems and social exclusion in the widest sense of these words.

Many people have a low income without living in poverty or being in danger of ending up in a situation characterised by poverty. Many student households are registered as having an extremely low income, since a student loan is not included in the concept of income in the income survey. Students often have low incomes for a period of their lives, but will be able to earn higher incomes once they have graduated. Those who belong to households that have sold shares or properties at considerable losses and those with financial assets over a certain size may have a low income for a given period but can utilise other financial resources to maintain their standard of living. Others will be able to manage on a low income because they benefit from, for example, housing assets or can be supported by their family or find their own strategies for mastering this problem. Some people choose not to work or have a stable income situation in order to give priority to other things in life. Temporary payment and money-management problems, debt problems, etc., are not included in the understanding of poverty on which the Government's plan of action to combat poverty is based.

1.4 Combating poverty as part of a broader welfare policy

Despite well developed welfare schemes and a generally good access to public welfare services, the situation description in chapter 3 shows that a small minority of the population still lives in poverty or is at risk of ending up in a situation characterised by poverty.

A low income over time is linked to, and often caused by, problems relating to other living conditions, such as little education, a lack of qualifications, little mastery of the Norwegian language, health problems, substance-abuse problems, unstable housing conditions, etc. The work of preventing and counteracting poverty must target these underlying causes. The tools to be used will be designed to deal with the complex and individual problems that each person faces. This often requires efforts across sector and departmental boundaries. The plan of action to fight poverty must therefore be viewed in close connection with efforts in other areas, such as the labour-market policy, education policy, integration policy, housing policy, substance-abuse policy and child and family policy. Efforts to fight poverty must also be viewed in close connection with attempts to improve living-condition problems and prevent social exclusion that is not the cause of or due to poverty. Poverty problems must be seen in connection with the rest of the welfare policy and cannot be solved independently of this.

Norway is facing major challenges to secure the basis for continued welfare. Work is the basis for welfare, for both the individual and society as a whole. Although Norway has a low unemployment rate, far too many people of working age are not part of the labour market. The increase in the sickness-absence rate and number of people receiving disability pensions is worrying. The fact that there are more and more elderly people compared to those of working age contributes to an increased demand for labour, not least to solve important welfare tasks in, for instance, the health and care sector. Getting more people into work is a challenge. Benefits and services must be designed to lead those who are able to do so into working life. Designing welfare schemes so that people who, due to their age, disability or health reasons, cannot work, receive an income that enables them to live a decent life is also a challenge.

The Government is continuing the reform work initiated by former governments that is important to combat poverty. This includes:

- An agreement of intent to create a more including working life. This agreement was entered into between the social partners and the authorities on 3 October 2001. This agreement is intended to be a tool for reducing the sickness-absence rate, getting more employees with a disability into work and preventing elderly employees from being excluded from working life. More disability pensioners are to

be given help to return to work through the project entitled "Back to work (reactivating disability pensioners)», which was started as a cooperation project by the social security department and labour market department in 2001.

- The Pension Commission. A pension commission consisting of members of the political parties in the Storting and independent experts was appointed in the spring of 2001. The Government has the following main reform goals: to safeguard the National Insurance scheme's future by making the system financially sustainable, to encourage a higher employment rate and to continue to have a guaranteed minimum pension. The Pension Commission will present its findings in the autumn of 2003.
- The Tax Committee, which is to consider possible changes in various parts of the tax system, including measures targeting low-income groups.
- An escalation plan for mental health (1999-2006).

The following initiatives and efforts on the part of the Government must be viewed as part of its total efforts to combat poverty:

- Proposition to parliament (Odelstingsproposisjon no. 102, 2001 – 2002) regarding splitting disability pensions into a time-limited disability benefit and a permanent disability pension. The goal is to reduce the number of new disability pensioners and prevent permanent disability.
- A plan of action to combat racism and discrimination (2002-2006).
- A plan of action containing measures to increase the participation in society of children and young people with immigrant backgrounds.
- Proposition to parliament (Odelstingsproposisjon no. 63, 2001-2002) regarding amendments to the Act relating to housing cooperatives and the Act relating to owner-tenant sections. These amendments make it easier for private players, in collaboration with local authorities, to make an active contribution towards obtaining housing for underprivileged people.
- Proposition to parliament (Odelstingsproposisjon no. 94, 2001-2002) regarding the principle that primary/lower-secondary schooling is to be free. This proposition mainly involves a

more detailed definition of the wording of the Act so that it is made clearer than before that public primary/lower-secondary schooling is to be free.

- Report to the Storting no. 39 (2001-2002) Childhood and living conditions for children and young people in Norway. This report focuses on efforts to counteract marginalisation and to help even out differences in the living conditions of children and young people.
- Report to the Storting no. 40 (2001-2002) regarding the child and youth welfare service. This report provides a review of the child-welfare service system, with the emphasis on measures. A continued strengthening of the preventive work with families and improved services for vulnerable children and young people are given priority.

The Government will submit proposals on the following topics:

- A report to the Storting regarding the co-ordination of the labour market department, the social security department and the municipal social services departments. The Government is examining the question of changes in the way in which the labour market department, social security department and social services department are organised, including the question of merging these departments. The Government is aiming to present a report to the Storting regarding this issue during the autumn of 2002.
- A plan of action to combat substance-abuse problems.
- A report to the Storting regarding the labour-market policy.
- A proposition to parliament regarding an introductory benefit. Work is being carried out on draft legislation that will commit local authorities to arranging individual introduction programmes for newly arrived immigrants.
- A report to the Storting regarding housing policy.
- A report to the Storting regarding Norwegian cities.
- A report to the Storting regarding the public-health policy.
- A report to the Storting regarding political goals, strategies and measures for the disabled.

2 Summary (Not included here)

3 A description of the situation – challenges

3.1 Regarding low-income problems

3.1.1 The occurrence of low income in Norway

50 per cent of the median income for single people came to NOK 77,000 in 2000. 50 per cent of the median income in 2002 can be estimated to be around NOK 85,000. 60 per cent of the median income in 2000 amounted to NOK 93,000.

Around 2.7 per cent of the population – around 121,500 people – had an income that was under half of the median income in 2000. Over the three-year period from 1997-1999, 2.3 per cent of the population – around 90,000 people – had a total three-year income that was under half of the median income. The number of people with an income of less than 60 per cent of the median income equalled 5.4 per cent of the population in 2000 and 6.7 per cent in the three-year period from 1997-1999. 1.5 per cent of the population – just over 60,000 people – had an income that was less than 50 per cent of the median income during the period from 1986-1995.

3.1.2 An international comparison

Compared to other industrialised countries, Norway has few people with a relatively low income. Table 3.1 shows the number of people with an income of less than 50 per cent of the median income in various countries.

3.1.3 Who has a prolonged low income?

Income composition

Table 3.2 shows the income composition of people with a low income and of the population as a whole.

Table 3.3 shows the main source of income for people with an income of less than 50 per cent of the median income measured over the three-year period from 1997-1999.

Age and household type

Table 3.4 shows the distribution of people with an income of less than 50 per cent of the median income among various types of households compared to the distribution of the population as a whole.

National background

Compared to the population as a whole, immigrants are heavily over-represented among those whose income is less than half of the median

Tabell 3.1 The percentage of people with an income of less than 50 per cent of the median income in various countries. Approx. 1995 OECD scale

	Percentage of people with a low income
Luxembourg	3,8
Finland	4,0
Norway	4,4
Denmark	5,5
Sweden	5,7
Belgium	6,9
The Netherlands	7,3
Germany	7,3
France	7,9
Spain	9,6
Canada	10,5
Australia	11,8
Poland	12,9
Italy	14,1
USA	18,5

Source: Luxembourg Income Study Database

Tabell 3.2 The percentage of various income items for people with an after-tax household income per consumer unit that is less than 50 per cent of the median income and for the population as a whole. The percentage of total income 1997-1999¹.

	Occupational income	Investment income	Transfer payments received	Total income
Persons with a low income	54	3	43	100
The population as a whole	72	9	19	100

¹⁾ Negative investment income has not been included in the total income or the investment income

income. This particularly applies to non-western immigrants, but immigrants from western countries also have a higher incidence of low income than ethnic Norwegians.

3.2 Large essential expenses in combination with a low income

For individuals with large essential expenses related to illness or disability, housing or a heavy breadwinner burden, the consequences of a low income will be far greater than they are for those with an average or higher income.

The Report to the Storting on Social Equalisation (Utjamningsmeldinga, Report to the Storting no. 50, 1998-1999) stated that disabled persons were only slightly represented among those with an income of less than half the median income, but that many of these have an income which is just over this low-income limit. Many disabled and chronically ill people have, however, large expenses in connection with health and social services and medicines. Some have high housing costs due to special requirements relating to their disability and additional expenses in connection with children and relating to their participation in social activities.

In general, people with a low income have low housing expenses and a low housing standard compared to other groups of the population. Some people with a low income are in a situation where a large part of their income is spent on covering

their housing expenses. This may apply, for example, to some pensioners and people in low-income occupations that live in areas of high economic activity where housing costs are high. Combined with the responsibilities of being a breadwinner for children, single parents and families with many children, including some immigrant families, will be particularly vulnerable in this respect.

3.3 Further details regarding children

3.3.1 Children in households with a prolonged low income

Between 2.6 per cent and 3.1 per cent of all children under the age of 18 years lived in households with an income that was less than half the median income in 1998. This is equal to between 27,000 and 32,000 children. For some of these households, however, the problems are only short-term.

Between 1.7 per cent and 2.4 per cent of the children lived in households with a prolonged low income during the entire 1996-1998 period. This equals between 14,000 and 19,000 children. Compared with other industrialised countries, Norway and the other Nordic countries have the lowest rate of children living in households with a low income.

The vast majority of the children living in households with a prolonged low income have parents who are, either entirely or partially, not

Tabell 3.3 Persons with an after-tax household income per consumer unit of less than 50 per cent of the median income, divided according to the main source of income. Percentage. 1997-1999

Total	Occupational income	Disability pension	Transitional benefit	Old-age pension	Social assistance	Other
	57.2	3.1	1.6	3.5	5.6	27.6

Source: Statistics Norway

Tabell 3.4 Persons with an after-tax household income per consumer unit of less than 50 per cent of the median income according to household type and compared to the population as a whole. Percentage 1997-1999

	Persons with a low income	The population as a whole
Single people under 45 years of age	38.3	9.0
Single people 45-64 years old	5.4	4.5
Single people 65 years old and older	3.0	7.2
Couples without children, the older of whom is under 45 years old	5.8	3.2
Couples without children, the older of whom is 45-64 years old	2.8	9.8
Couples without children, the older of whom is 65 years old or older	3.3	9.4
Couples with children, the youngest of whom is 0-6 years old	20.0	22.2
Couples with children, the youngest of whom is 7-17 years old	5.8	17.5
Single parents with children aged 0-17 years	10.4	6.1
Other households	5.3	4.2
All	100	100

part of the labour market. Between 60 per cent and 70 per cent of these children live in households where no adults are in work. Between half and two thirds of the children lived in households with a single parent. Immigrant children are also clearly over-represented in the group of children who live in households with a prolonged low income. Every second child in this group was a first-generation immigrant or was Norwegian born but with two foreign-born parents.

There are significant differences between the household-income composition for children in the low-income group and for children that do not belong to the low-income group. Transfer payments and benefits are, as for the low-income group as a whole, the dominant source of income of children in low-income households.

3.3.2 The effects of a prolonged low income on children

Child poverty in Norway is often linked to the fact that children experience social limitations and are excluded from social contexts on financial grounds. Poverty among children in today's Norway is less felt to be related to a direct lack of material goods. However, the extent to which chil-

dren are excluded from normal activities due to a poor family economy has not been charted.

It has been documented that poverty is one of several risk factors for children later developing problematic behaviour and being socially excluded, for instance at school and in working life. It seems that growing up in poverty may lead to a low income and poverty in adult life too.

3.4 Living-condition problems and a prolonged low income

3.4.1 Poor or non-existent ties to working life

There is a strong link between poor or non-existent ties to the labour market and prolonged low-income problems. The changes in the percentage of people with prolonged low-income problems in the 1990s corresponded to the changes in the unemployment rate.

For the population as a whole, participation in working life has been at a historically high level for the past few years. Never before have more people been in work. However, some groups are different, with a high number of people with poor ties to working life.

Non-western immigrants have lower rates of

labour-force participation than the rest of the population and are over-represented in the group of people with prolonged low-income problems. The registered unemployment rate among first-generation immigrants was 7.8 per cent in May 2002, while it was 2.9 per cent for the population as a whole.

Single parents are another group with a lower rate of labour-force participation than the rest of the population and who are over-represented in the group of people with prolonged low-income problems. In 1999, the vast majority of single parents with a low income (95 per cent) did not have jobs.

People with disabilities have a lower rate of labour-force participation than the rest of the population. The disabled are only slightly represented in the group of people with an income below the low-income limit, but many have an income that is just above this limit and in many cases they also have large expenses for health and social services, medicines, housing, etc, related to their disability. Statistics Norway's living-condition surveys and other surveys show that many disabled people who receive social security benefits want to work but do not do so since there is a lack of adapted workplaces.

3.4.2 Low wages

As described in chapter 3.1, most people with prolonged low-income problems have some kind of ties to working life but these people are mainly in short-term, sporadic working relationships and/or working part-time in typically low-paid occupations.

3.4.3 Little education

There is a clear link between the person's level of education and his or her participation in working life.

Non-western immigrants, particularly immigrant women from non-western countries, are a group with clearly lower levels of education than the population as a whole.

3.4.4 Educational drop-outs

Young people who do not start, or who drop out of, upper secondary schooling are a group who later run a great risk of experiencing poor ties with working life and prolonged low-income problems.

3.4.5 Poor housing conditions and homelessness

Low income is one of the main causes of poor and/or unstable housing conditions. Groups with poorer housing conditions than the rest of the population include single parents and non-western immigrants. High housing expenses in overpopulated areas particularly affect families with children.

A survey carried out in 1997 estimates the number of homeless in Norway to be around 6,200 people. This survey shows that more than half of the homeless have substance-abuse problems and around a third suffer from mental illness. A third of the homeless primarily have a housing problem and can manage to live in a dwelling of their own immediately. The remainder require follow-up and, in some cases, also treatment for a substance-abuse problem and/or a mental illness in order to manage to live in a dwelling of their own.

3.4.6 Health problems

There is a documented link between a low income and poor health. A report prepared by the Norwegian Institute of Public Health indicates that the social health differences (measured by early death) have grown in this country over the past 10-20 years. While most people live longer, the lowest social strata have not shared in these health gains.

3.4.7 Mental illnesses

Recent surveys show a relatively moderate but still clear link between mental illnesses, such as anxiety and depression, and low-income problems.

Mental illness – possibly combined with substance-abuse problems – may be a contributory or direct cause of poverty due to the problems the illness causes for education, ties to working life and the development of social skills, etc.

3.4.8 Substance-abuse problems

Many substance abusers live in poor living conditions. This particularly applies to the most serious substance abusers, who live in undignified conditions and in poverty. Refer to the Government's plan of action to combat substance-abuse problems for a more detailed description of the various

aspects of the substance-abuse problems in society.

3.4.9 The welfare schemes and the poverty problem

Today's welfare schemes comprise a wide range of services, measures and benefit schemes which, together, are intended to help safeguard the welfare of the population.

The situation described in this chapter shows that, although most people have a good life, society has not always managed to help those with the greatest problems through these schemes.

We are therefore facing several dilemmas and challenges relating to developing the welfare schemes as effective tools in the work of combating the problem of poverty.

Incentives to work versus safeguarding income

Generous welfare schemes, however, also affect the individual's behaviour and may make supporting oneself through one's own work a less attractive alternative than being a benefit recipient.

It is therefore a challenge to adapt the schemes so that they individually and together help to encourage the individual to earn his or her own employment income.

Targeting versus universal benefit schemes

Compared to many countries, Norway has a high proportion of universal benefit schemes, such as most of the national insurance benefits. Selective benefits, for example financial social assistance and housing benefits, are much less common.

The universal benefit schemes have been an important foundation of the welfare society and have helped to prevent poverty and ensure good levels of welfare for most of us. At the same time, there are some individuals who have major, complex needs that are not always picked up on or helped through these schemes.

It is therefore a challenge to target the benefit schemes so that they can to a greater extent be effective tools in the work of getting the most under-privileged people out of the poverty trap.

Specialisation/sectorisation versus the need to co-ordinate

Today's welfare services are to a great extent characterised by specialisation and sectorisation. This applies to the services offered by most local authorities and the measures and services provided at the state level. Specialisation and sectorisation have contributed to it being possible to base the services offered on specialised knowledge and expertise. At the same time, experience has shown that people with several and/or complex needs often experience that they have to go from office to office.

It is therefore a challenge to find good methods of co-ordination and/or cross-disciplinary cooperation between various departments so that the person who needs services is met by a comprehensive, co-ordinated welfare system.

Another challenge is to develop services and measures so that these are to a greater extent «tailor-made» and adapted to the needs of the recipient of the services.

Emphasis placed on services and measures versus on benefits

Today's welfare schemes are made up of a combination of different benefit schemes, services and measures. The benefits are mainly rights-based, while the individual has no legal right to the services/measures necessary to get him or her out of the benefit situation and into work.

It is therefore a major challenge to intensify the efforts on the service and measures side in order to get more people into work. This can both help to relieve the pressure on the income-safeguarding schemes and increase labour supply.

4 Vision, goals and strategies

Vision:

- No one is to live in poverty.

Overall goals:

- As many people as possible must be able to manage on their own through their own work.
- Everyone who needs it must be guaranteed social-security benefits on which they can live in dignity.

Strategies:

- Work
- Making the welfare schemes targeted
- Social inclusion.

Refer otherwise to chapter 1.

5 Measures

The Government's main strategy for combating the problems of poverty is to get more people into employment. Better targeting of the welfare schemes and measures to ensure social inclusion are also crucial to attaining the goal of no one living in poverty for any length of time.

The time frame of this plan of action is 2002 to 2005. The work of combating poverty requires targeted efforts over a period of time. The Government has already implemented measures to combat poverty in 2002 and it proposes implementing further measures in 2003. The Government will follow up the plan of action to combat poverty in connection with the annual national budgets and is also aiming to carry out a review of the welfare schemes and how the welfare services are organised.

The measures in this plan form part of a wide range of welfare measures that are of great importance for combating poverty in many areas, cf the overview of documents/plans stated and described in chapter 1.4. The measures stated here are those that more specifically target the prevention and reduction of the problems associated with poverty.

The Government places crucial emphasis on continuous documentation and follow-up of the measures implemented. As part of the implementation of the plan of action to combat poverty, the Government will develop a social-reporting system, initiate the evaluation of individual measures and pave the way for a systematic review of existing welfare schemes. NOK 5 million has been allocated to fund these efforts, which are described in greater detail in chapter 6.

5.1 Measures aimed at getting more people into work

5.1.1 Measures aimed at immigrants and refugees

Introductory benefit

The creation of an introductory benefit combined with a targeted introduction programme has been agreed upon.

Qualifications aimed at the labour market

The Government proposes reserving 300 places in labour-market measures in 2003 in order to qualify immigrants for the labour market.

Documenting work-related competence

In the autumn of 2002, the Government will present its proposed amendments to the Education Act to give people who are currently entitled to upper-secondary-school education the right to have their work-related competence assessed.

Better follow-up of young immigrants who have not completed primary/lower-secondary schooling

The Government will consider measures to ensure better follow-up of immigrants aged 16-22 years who have not completed primary/lower-secondary schooling.

Better teaching for ethnic minorities

The Government will increase its efforts to improve the teaching of ethnic minorities in schools.

5.1.2 Measures aimed at long-term recipients of social assistance

Targeted labour-market measures

The Government proposes reserving 1,000 places in labour-market measures in 2003 for long-term social-assistance recipients.

Trial scheme involving overall local-authority responsibility for long-term social-assistance recipients

In 2003, the Government will continue the trial scheme involving overall local-authority responsibility for long-term social-assistance recipients.

5.1.3 Measures aimed at young people at risk

Targeted labour-market measures

Young people under the age of 25 years will be one of the focus groups for the Government's proposal to reserve 1,000 places in labour-market measures.

5.1.4 Measures aimed at disability pensioners

Reactivating disability pensioners

The Government will continue the work of reactivating disability pensioners. In the national budget for 2001, the Storting agreed on the implementation of an obligatory system for subsequently testing the ability to work of people who have already been granted a disability pension.

Time-limited disability benefit

In Proposition to the Odelsting no. 102 (2001-2002), the Government proposes making radical changes to the social-security rules in order to get more people into employment and have fewer living on social-security benefits. Among other things, the Government proposes introducing a new, time-limited disability benefit and raising the minimum benefit payable in the case of rehabilitation. The new benefit will be a short-term benefit that is payable for a transitional period if the person's future ability to work is unclear.

5.1.5 Measures aimed at single parents

Improvements to the transitional benefit

The Government proposes granting NOK 35 million in 2003 to make changes to the transitional benefit payable to single parents who are studying.

Targeted labour-market measures

Single parents will be one of the focus groups for the Government's proposal to reserve 1,000 places in labour-market measures.

5.2 Making the welfare schemes targeted

5.2.1 General measures

Improvements to the Norwegian National Housing Bank's tools

Based on the Housing Committee's recommendation (NOU 2002:2), the Government will present a report to the Storting in 2003 regarding future housing policy.

Raising the competence and quality of the social services

Particular emphasis will be placed on competence with regard to charting the need for help and shaping measures.

Individual plans

The Government will consider introducing a statutory authority in the Act relating to social services that will give people the right to have an individual plan in order to solve their social problems and get into employment or some form of activity.

5.2.2 Measures aimed at immigrants and refugees

Supplementary benefit scheme for pensioners who have only lived in Norway for a short time

People who are not entitled to full social-security benefits due to the fact that they have only lived in Norway for a short time often have to rely on long-term social assistance to safeguard their income. This applies to, among others, elderly immigrants. Alternative solutions are being considered for this group, including a supplementary-benefit scheme when these people are in Norway.

5.2.3 Measures aimed at children and families with children

An increase in the child supplement payable to disability and retirement pensioners who have children under 18 years of age

The supplement was increased by NOK 5,136 per annum in the national budget for 2002, so that it is now 40 per cent of the national insurance base amount (G). The Ministry of Social Affairs will evaluate the effect of this increase.

An increase in the child rates in the recommended guidelines for financial social assistance

These rates were raised by more than the rise in the consumer price index in connection with the national budget for 2002.

Improvements to the housing-benefit scheme

The Government proposes improving the housing-benefit scheme for underprivileged families with children in 2003 by extending it to cover housing not financed by the National Housing Bank. This measure is estimated to cost NOK 77 million.

Changes to the subsidy scheme for young pupils who are entitled to upper-secondary schooling

The Government proposes granting NOK 50 million in 2003 to introduce a new subsidy scheme for young pupils who are entitled to upper-secondary schooling as from the 2003-2004 academic year.

Making the child-welfare services better targeted

In consultation with the local-authority sector, the Government will strive to improve the child-welfare services' efforts in relation to children who live in families suffering from poverty-related problems.

5.2.4 Measures aimed at substance abusers

Strengthening the treatment capacity and health care offered to substance abusers

The Government has increased the treatment capacity in medicine-assisted rehabilitation and improved the health care offered to substance abusers in the national budget for 2002.

In the autumn of 2003, the Government will put forward a separate plan of action to combat substance-abuse problems. The measures in this plan are also of major importance to the work of preventing and reducing poverty. The following measures have been given priority in the national budget for 2003:

- medicine-assisted rehabilitation and a low-threshold health-care service – NOK 23 million
- improved preventative work – NOK 8 million

- control measures – NOK 4 million
- the development of expertise in the health service – NOK 4 million
- knowledge production/co-ordination/evaluation – NOK 4 million
- the transfer of specialised services to the health authorities – NOK 10 million.

In addition, the Ministry of Justice proposes increasing the number of transfer payments pursuant to section 12 of the Act relating to the execution of punishment by providing the criminal-care services with an additional NOK 5 million in 2003.

Tests using ambulatory environmental teams

Tests involving teams that seek out substance abusers.

Measures targeting homeless substance abusers

Refer to the measures stated under 5.2.6.

5.2.5 Measures aimed at people suffering from mental problems

Improved services for people suffering from mental illness

The Government is actively working for the comprehensive implementation of the Escalation Plan for Mental Health 1999-2006 (Proposition to the Storting no. 63 (1997-98)). This escalation plan will combat poverty in people suffering from mental illness by preventing the development of mental illness, improving the treatment offered and increasing the help provided to master the day to day problems involved in mental illness.

5.2.6 Measures aimed at the homeless

Among other things, the Government intends to develop extra-manned individual housing and monitoring schemes that help in the work of breaking up open substance-abuser environments. The work of developing methods and models for use in preventing homelessness is continuing. Local authorities will be given guidance on various measures and tools that may help individuals to better master their housing situation.

5.2.7 Measures aimed at disabled and chronically ill people

New fee-ceiling scheme for health-service user fees

The Government proposes introducing a new fee-ceiling scheme («user-fee ceiling 2») in 2003 applicable to user fees for health services that are not covered by the national insurance scheme's free-card scheme. This scheme is intended to cover the expenses of physiotherapy treatment, dental treatment that is refundable, stays in rehabilitation institutions and health-care trips abroad (climate trips). Improvements in the refund schemes for dental treatment and stays in rehabilitation institutions are also proposed.

5.2.8 Measures aimed at disability pensioners

Increases to the lighting and heating grant in the housing-benefit schemes

The grant was adjusted for the first time since 1996 in the national budget for 2002. The grant is given to retirement and disability pensioners and surviving spouses or children receiving pensions whose income is less than the minimum pension plus 30 per cent.

5.3 Social inclusion

5.3.1 General measures

Improving the collaboration with voluntary organisations

The Government will initiate a dialogue with voluntary organisations with the aim of them being able to play a more important role in the work of combating poverty. The voluntary organisations already make a considerable contribution as spokespersons and service providers for those

who live in poverty, and they carry out important equal-partner/self-help work.

Norwegian follow-up of the Dakar Declaration on Education for All

The Government will strengthen weak and vulnerable groups' access to education by, among other things, following up the Dakar Declaration on Education for All dated April 2000.

5.3.2 Measures aimed at children and young people

Increased efforts to prevent young people from dropping out of upper-secondary schooling

The Government proposes granting NOK 8 million in 2003 to further develop the follow-up services' work to prevent young people from dropping out of upper-secondary schooling.

Improvements to the school health services

Part of the escalation plan for mental health.

Measures to increase the participation in society of children and young people with immigrant backgrounds

These measures are described in more detail in a separate plan of action that was presented in June 2002.

Free primary/lower-secondary schooling

The Government has proposed amending the Education Act so that local authorities cannot charge parents fees to cover expenses relating to, for example, teaching materials, transport during school hours, stays at school camp, excursions or other trips that form part of primary/lower-secondary education.

6 Following-up the plan of action to combat poverty

As part of the work of implementing and following up the plan of action to combat poverty, the Government will keep a close eye on how the poverty problem develops and will continuously follow up and document the measures implemented. The main elements in the follow-up of the plan of action are the development of a set of social indicators as the basis for social reporting, the evaluation of individual measures and a systematic review of existing welfare schemes and new measures ("social revision"). The 2003 budget allocates NOK 5 million for these purposes. The Government will also pave the way for a targeted focus on research and development in this field. Norwegian participation in the EU's framework programme for social inclusion will provide knowledge and experience that can be used when implementing the plan of action and the national work to prevent and reduce poverty.

6.1 Social reporting

A targeted focus on poverty necessitates knowledge of the scope and development of poverty, living conditions and social exclusion in the population. The Government will develop a social-reporting system in order to obtain systematic, regular information regarding developments. The social-reporting system is intended to form the basis for an evaluation of whether the policies implemented have had the desired effect and to ensure that new efforts are properly targeted.

As part of the Norwegian participation in the EU programme for social inclusion, the national social-reporting system will, in so far as this is appropriate, be adapted to the EU indicators. This will enable a comparison of the developments in Norway and those in other countries.

As from 2003, a new European income and living-condition survey, EU Statistics on Income and Living Conditions (EU-SILC), will be the main source of data for constructing the indicators in the EU. EU-SILC will replace the annual panel survey in Norway and form part of Statistics Norway's overall living-condition surveys. In order to

shed light on the living conditions of some extremely marginalised groups, such as the homeless, those with mental problems and/or substance abusers, it will be relevant to implement such things as surveys of selected respondents in order to obtain information.

6.2 Research and development

The Government will adopt a knowledge-based policy in order to prevent poverty and help people out of the poverty trap. Measures targeting poverty must, in so far as possible, be based on knowledge of the actual conditions and of what works. However, a lack of documented knowledge must not prevent measures that are expected to have a good effect.

As part of the work of preparing a plan of action to combat poverty, the Government invited various research and competency environments to take part in a brainstorming meeting to discover effective strategies and measures. The contributions of these researchers form an important basis for the plan of action.

Through the Norwegian Research Council's Welfare Programme, funds have been granted to two research environments in 2002 to improve research into social assistance and poverty (2003-2008).

As part of the Norwegian participation in the EU's framework programme for social inclusion, Norwegian research environments may apply for grants for projects whose goal is to combat poverty and social exclusion.

In addition to research-based knowledge, experiments, development work and effect evaluations are important tools for acquiring knowledge of the effect of measures.

One of the key tools in the EU's framework programme for social inclusion is the exchange of knowledge regarding "best practices". Through its participation in the programme, Norway will contribute to this exchange and thereby be able to benefit from other countries' knowledge and experience in this area. The dialogue with volun-

tary organisations may also provide a lot of useful knowledge.\

6.3 Social revision – a permanent system for assessing new and existing welfare schemes and measures

A number of universal and more targeted welfare schemes currently exist. In connection with its work on the plan of action to combat poverty, the Government has carried out a provisional review of the existing welfare schemes. The purpose of this review has been to obtain a basis for making existing schemes better targeted. The Government will follow this up with more extensive assessments and will propose changes to the welfare schemes.

It is particularly important to ensure that the help system does not have any bottlenecks and that the way in which the schemes are arranged provides incentives to work and helps to reduce the danger of people ending up in a “poverty trap». The extent to which the welfare schemes actually benefit the target groups will also be assessed.

6.4 The EU framework programme for social inclusion

Norway takes part in the EU programme for social inclusion. Norwegian participation in the programme will provide increased opportunities for the exchange of knowledge and for cooperation, and allow for the development of shared social indicators that form the basis for assessing the effects of measures and comparing and exchanging experience across national boundaries. As part of the programme, the individual EU member state prepares two-year national plans of action based on a set of agreed indicators, together with requirements to develop prioritised measures aimed at special target groups, with the

member state itself choosing the target groups based on its special situation. Although Norwegian participation in the programme is limited to the sub-programme “Community Action Programme», this will provide support for the Government’s work on the plan of action to combat poverty. Participation will, not least, provide an opportunity for regular contact at a European level through networks being formed, not only between the member states at a government level but also between all the players involved in the work of combating poverty. Not least social partners and non-governmental and voluntary organisations are valuable players in such a context. The cooperation aims to increase the players’ role in the work of combating poverty by learning new ways of approaching the problem and by developing a dialogue between all those involved, including at the national and local levels.

Norwegian participation in the programme means that Norwegian government and municipal bodies and institutions, research environments and voluntary organisations can apply for project grants for various development and cooperation measures whose purpose is to combat poverty and social exclusion.

The Nordic countries have also initiated a dialogue to support the on-going process in the EU and the respective countries’ national efforts to combat poverty and social exclusion.

6.5 Follow-up in the annual national budgets

The time frame of this plan of action to combat poverty is 2002 to 2005. The measures implemented in connection with the national budget for 2002 are, together with the measures proposed in the 2003 budget, the first steps in a targeted, long-term strategy to combat poverty in Norway and will be followed up in connection with the annual national budgets during the rest of the plan’s period.