



ROYAL NORWEGIAN MINISTRY  
OF LABOUR AND SOCIAL INCLUSION

# Action Plan against Poverty

Status 2008 and intensified efforts 2009





# Foreword



Everyone, irrespective of their financial or social background, should have equal opportunities, rights and obligations to participate in society. The Government's goal is to eradicate poverty and make Norway one of the world's most inclusive societies. We should never tolerate poverty; we should combat it on every front.

Our efforts to reduce poverty have both a long-term and a short-term perspective. They require us to set aside resources to be used in the long term to protect the next generation from poverty, and in the short term to reduce poverty and improve the situation for those suffering from poverty today.

There is no simple recipe for action or simple solution to this problem. We need good and inclusive welfare systems and more targeted measures. The Nordic welfare model is marked by a relatively large redistribution of wealth through the income tax system, universal welfare systems, a comprehensive, publicly financed education system, an active labour market policy and a flexible labour market. The welfare model has resulted in less poverty and a more equitable income distribution in Norway than in many other countries. The Government continues to build on this model, and is reforming and further developing the welfare system.

The reformed labour and welfare system is providing a better basis for assisting those on the margins of the labour market. The newly established Labour and Welfare Administration will have new tools to work with. The new qualification programme for vulnerable groups is one of the most important measures in the poverty reduction efforts, and will be one of the main priority areas for the new labour and welfare authorities. We have provided further support to efforts in the field of drug abuse. We have conducted a comprehensive review of the housing support scheme, with a view to simplifying the rules and making the scheme more inclusive. The financial incentives for recipients of social security benefits to make the transition to employment are being reinforced. These changes will be introduced in the course of 2009.

The Government is also implementing a major daycare and education reform. General access to educational daycare facilities gives children a sound and more equitable foundation for development and learning. Mastering basic skills eases the path to inclusion in working life, a more secure income and broader social participation.

These major reforms are helping to rectify the conditions that tend to create and maintain poverty. They are a major investment in the future.

The local government sector is responsible for important services that ensure that all inhabitants in their respective areas have good living conditions. The Government has strengthened local government finances, and thereby given municipalities the opportunity to play a more active role in preventing poverty and assisting those living in poverty. The Government is also providing state grants to stimulate research and development in the local government sector, for

example for those outside the labour market, immigrants, the homeless, and children, young people and families affected by poverty.

The Government has strengthened cooperation with user and other organisations and associations in the voluntary sector. These organisations are important cooperation partners for central and local government in poverty reduction. A liaison committee has been established between the Government and organisations that help the socially and financially disadvantaged. The first meeting was held in April 2008 and a second in September.

The Government has provided substantial financial support to persons in a difficult financial situation. The social security settlement implemented this year was unprecedentedly good, and the Government is proposing to increase the minimum payments for short-term social security benefits. We have also presented strategies and action plans in several other areas that are relevant to poverty reduction, including white papers on education and inequality, a national strategy for reducing social inequality in health, a National Action Plan on Alcohol and Drugs, and the Action Plan for Integration and Social Inclusion of the Immigrant Population and Goals for Social Inclusion.

Experience of these measures has shown that many individuals – children, young people and adults – have received assistance as a result of the Government's efforts. The number of recipients of social assistance has declined considerably, partly due to the high demand for labour and the low unemployment.

Thus we have accomplished a great deal, although more remains to be done. The Government has proposed in the government budget for 2009 that broad priority areas like schools and daycare centres should receive more funding and that specific efforts to combat poverty should receive substantial financial support. The primary aims are to:

- Ensure that more individuals who are outside the labour market are included in working life.
- Improve the financial situation and living conditions of those who depend on social assistance for a shorter or longer period.
- Implement a comprehensive restructuring of the housing support system with a view to simplifying it and making it more inclusive.

Together with our existing efforts, these measures will make a significant contribution to the eradication of poverty.

In autumn 2007 the Government presented an action plan against poverty. In the present report we are reviewing the status of the plan and proposing new priority areas and measures for 2009.

A handwritten signature in blue ink, appearing to read 'Dag Terje Andersen'. The signature is fluid and cursive.

Dag Terje Andersen  
*Minister of Labour and Social Inclusion*

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# A broad-based, long-term action plan against poverty

The Government's goal of eradicating poverty requires a broad-based, long-term plan. The following are some of the main actions needed to achieve this goal:

- An economic policy that facilitates high employment, stable economic growth and a sustainable welfare system.
- The further development of the Nordic welfare model.
- A broad-based preventive approach.
- Targeted measures against poverty.

The Government presented an action plan against poverty in the government budget for 2007, which was followed up in the government budget for 2008. Together with other documents such as the white papers Work, welfare and social inclusion (Report No. 9 (2006- 2007) to the Storting), Early intervention for lifelong learning (Report No. 16 (2006/07) to the Storting) and A national strategy to reduce social disparities with regard to health (Report No. 20 (2006-2007) to the Storting), the Action Plan for Integration and Social Inclusion of the Immigrant Population and Goals for Social Inclusion, and the National Action Plan on Alcohol and Drugs the present action plan against poverty is part of a comprehensive policy for social inclusion, reducing social disparities and poverty reduction.

In this appendix to the budget, the Government is presenting the status of the efforts to reduce poverty and proposing new priority areas and measures for 2009. These are based on three objectives:

- Opportunities for all to participate in the labour market.
- Opportunities for participation and development for all children and young people.
- Improved living conditions for the most disadvantaged groups.

This presentation includes both priority areas that are important in a broad-based preventive strategy and measures that reduce and alleviate poverty in today's society.

## Poverty reduction in 2009

The Government proposes in the 2009 government budget that broad priority areas such as schools and daycare centres should be strengthened and that specific efforts to reduce poverty should be intensified. It proposes to allocate an additional NOK 1 249 million to specific poverty reduction efforts, which are primarily concerned with the following challenges.

### *Including a larger number of individuals outside the labour market in working life*

In the last few years unemployment has declined steeply, and is now lower than at any time since 1987. The high demand for labour and the lower unemployment have probably increased the employment rate among those with weak labour market attachment, but including more persons in working

life is still a challenge. For example, in 2007 about 25 800 persons had social assistance as their main source of income for at least 6 out of the 12 months. The Government's goal is that the new qualification programme should equip more people for employment and thus reduce the number of long-term recipients of social assistance. The qualification programme for vulnerable groups was introduced on 1 November 2007, and is being phased in line with the establishment of the new labour and welfare offices.

The number of participants in the programme during the first half of 2008 was somewhat smaller than planned, but is expected to rise substantially during the second half of the year. In the government budget for 2009 the Government proposes a substantial increase in the allocation to the programme. The allocation to the municipalities for implementing the programme will be increased by NOK 329.7 million to finance the introduction of the programme in the steadily increasing number of municipalities that are being included in the new labour and welfare scheme. A further NOK 186 million is being allocated to the Labour and Welfare Administration for activities related to participants in the programme.

### *Improving the financial situation and living conditions of those who depend on social assistance for a shorter or longer period*

Some individuals have to depend for their livelihood on social assistance for a shorter or longer period. In order to improve the situation of these people, the Government proposes to raise the rate level for social assistance set out in the government guidelines by 5% in addition to the normal price rise as from 1 January 2009. NOK 160 million of the increase in the unrestricted municipal revenues is being allocated to compensate for the higher rates.

### *Simplifying the housing support scheme and making it more inclusive*

Most people in Norway have decent housing. However, certain people have difficulty entering the housing market and retaining their homes. In the 2009 government budget the Government is proposing comprehensive changes in the rules for allocating housing support. The proposed changes mean that the requirements for the type of person and type of funding eligible for support are retracted and the housing requirements brought up to date. Equal treatment of everyone with a low income irrespective of whether their income is derived from social security benefits or for example from wages, will make housing support more effective as an instrument for reducing poverty and will strengthen the financial incentive to make the transition from benefits to employment. The income ceiling will be raised to ensure that families with children in particular are in a better situation than they are under the current rules. The proposal is likely to result in an extra 40 000 to 50 000 recipients of housing support in addition to the 100 000 who receive it under the present rules.

The new housing support scheme will take effect as from 1 July 2009, and will result in an increase in payments of housing support in 2009 of about NOK 300 million. In 2012, when the new scheme has been completely phased in, the restructuring is expected to have resulted in payments of about NOK 1 billion higher than those under the current rules.

#### *Other measures under the action plan against poverty*

The Government also proposes under the action plan to allocate NOK 2 million to increasing user participation, NOK 4 million to increasing cultural and organisational participation among groups that are underrepresented, NOK 36.3 million to raising the income and assets ceiling for free legal aid and NOK 228 million to measures targeted at drug abusers under the National Action Plan on Alcohol and Drugs.

#### *Other measures to alleviate poverty*

The immigrant population is today overrepresented among persons with a permanently low income.<sup>1</sup> In the government budget for 2009, the Government proposes to allocate

an additional NOK 125 million to measures under the Action Plan for Integration and Social Inclusion of the Immigrant Population.

The national insurance scheme helps to reduce disparities in income and living conditions and to prevent poverty in the population in general. In the social security settlement in 2008, it was agreed to raise the minimum pension for single persons, which is estimated to result in an additional cost of almost NOK 1.5 billion. The minimum pension provides security for persons with little or no entitlement in the points rating system under the national insurance scheme. The guaranteed supplementary pension for young people on disability pensions was also increased, which is estimated to result in an additional expenditure of about NOK 270 million in 2009. In a proposition to the Odelsting (2007–2008), the Government proposed increasing the minimum habilitation and rehabilitation allowances, the time-limited disability benefit and the transitional benefit for single parents. The last-mentioned is estimated to increase expenditure by about NOK 610 million.

### **Increases in the Government's allocations to poverty reduction, 2006–2009 (in NOK million)\***

<b>Measures</b>	<b>2006 **</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Labour market	42.9	259.9	464.4	980.1
Children and youth	7.6	47.6	67.6	67.6
Living conditions	483.3	935.8	1102.4	1 835.7
<b>Total increase in poverty reduction allocation</b>	<b>533.8</b>	<b>1 243.3</b>	<b>1 634.4</b>	<b>2 883.4</b>

\* The table shows the accumulated increases over four years, in nominal NOK.

\*\* The column shows the increase in allocations since the present government took office, according to the budget proposition for 2006 and the appendix to the 2006 government budget (Proposition No. 66 (2005-2006) to the Storting). The figure for 2006 also includes an integration grant of NOK 100 million to members of reunified families of persons granted residence on humanitarian grounds.

## Key priority areas and measures 2006–2009



# Opportunities for all to participate in the labour market



Attachment to the labour market ensures an income, fosters a sense of worth and allows social inclusion and participation. A person who drops out of the labour market more easily drops out of other areas of the welfare society. For those of working age, there is a strong association between weak or no labour market attachment and a permanently low income. The Government's main strategy for poverty reduction is therefore to give more people access to the labour market.

An essential foundation for these efforts is an economic policy that facilitates high employment, stable economic growth and a sustainable welfare system. A strong economy and a well-functioning labour market provide many opportunities to include vulnerable groups in working life. High employment is an important factor in enabling the state to secure welfare for that part of the population that is not economically active through income transfers and public services. This will become increasingly important as the proportion of working-age individuals declines as a result of the aging of the population. An active labour market policy promotes high labour force participation and low unemployment, and reduces poverty.

Owing to the strong expansion of the Norwegian economy, unemployment has declined steeply during the last few years. At the end of August 2008, about 44 400 persons were registered as unemployed by the Labour and Welfare Administration, or about 40 200 when adjusted for normal seasonal variations. This was 1.6% of the labour force. In comparison, after adjustment for normal seasonal variations, about 81 300 persons were unemployed in October 2005. This means that the number of registered unemployed job-seekers decreased by more than half during the period.

One of the Government's most important objectives is to create an inclusive working life based on the individual's resources and working capacity. The IA Agreement (Inclusive Working Life Agreement) emphasises preventive, systematic facilitation measures. The Agreement is intended to prevent employees from dropping out of the labour market and to in-

clude groups who have difficulty in entering the labour market and in succeeding in the competition for jobs.

The Government is following up the Storting's decision on the labour and welfare system reform. The new, coordinated Labour and Welfare Service is intended to increase the number of gainfully employed persons and decrease the number of social security recipients, and to provide a better basis for assisting individuals on the margins of the labour market who need a broad range of state and local government services. The goal is that by the end of 2009, all municipalities should be served by a local labour and welfare office.

## A new labour and welfare policy

In autumn 2006, the Government presented a white paper entitled *Labour, welfare and social inclusion* (Report No. 9 (2006-2007) to the Storting), proposing ways in which measures, services and benefits could best be organised with a view to enabling more individuals to enter employment. The goal of the white paper was to establish a labour and welfare system and a set of instruments that can be used for help for self-help, social security and social inclusion of persons who have difficulties in the labour market.

### *More coordinated and focused job-oriented programmes*

An important point made in the white paper was that the choice of instruments should be determined by the individual user's need for assistance and not by the benefits scheme or target group to which he or she belongs.

As a step in the follow-up to the white paper, the Ministry of Labour and Social Inclusion held a public consultation round on a proposal to simplify the system of measures, for example by combining labour market measures that at present are divided between different target groups. In the same consultation document, the Ministry also proposed to expand the target group for vocational rehabilitation with a view to facilitating more coordinated and focused job-oriented programmes; for example vocational rehabilitation could be combined with low-threshold municipal measures and health services, and would also be available to participants in the qualification programme.

### *Introduction of a new benefit, the rehabilitation income benefit, to replace three provisional health-related short-term benefits*

In autumn 2008, the Ministry of Labour and Social Inclusion proposed a bill concerning a new benefit, the rehabilitation income benefit that would replace three provisional health-related short-term disability benefits. The purpose of the new benefit is to assist more people to enter employment more quickly.

### **Qualification programme for vulnerable groups**

In recent years, a number of trial projects and other measures directed at long-term recipients of social assistance and other groups outside the labour market have been implemented, and several have had good results. The Government considers that there is a need to intensify the efforts directed at individuals with weak labour market attachment and to make these efforts more systematic and binding for the recipients of benefits and for the various services.

### *Introduction of a new qualification programme and qualification benefit from 1 November 2007*

The target group consists of individuals who have a considerably reduced working and earning capacity and receive no or very limited social security benefits to live on. The aim of the programme is to enable more individuals in this group to enter employment. The programme is offered to those who are considered able to gain a foothold in the labour market after closer and more binding follow-up, even when their progress may be relatively slow and uncertain. The programme is one of the Government's most important measures to reduce poverty.

The qualification programme is implemented by the municipality and administered by the local labour and welfare office. The municipalities are compensated for the additional expenditure for the new scheme, and in the government budget for 2008 a total of NOK 230 million was allocated for this purpose. At the national level, the Labour and Welfare Administration is responsible for facilitating the implementation of the programme. At county level, the regional offices of the Labour and Welfare Service and the county governors play an important role, and both bodies have been allocated additional resources for these efforts.

The qualification programme and the accompanying benefit are being offered by an increasing number of municipalities in step with the establishment of the new labour and welfare offices. As a result of this, the Government proposes in the 2009 government budget to increase allocations to the municipalities by NOK 329.7 million to cover the additional expenditure for the programme.

Labour market measures are key elements in the qualification programme. The labour and welfare authorities make use of a broad range of measures including follow-up, qualification programmes and job training. The measures are based on the individual's needs and the situation in the labour market. The Government proposes to allocate an additional NOK 186 million to the Labour and Welfare Administration in 2009 to support its efforts to implement the programme, which will provide scope for more labour market programme places and for assigning the necessary personnel.

Experience has shown that it takes time to implement new schemes. The efforts of the Labour and Welfare Administration to implement the programme will therefore be followed closely. Reporting procedures from the local labour and welfare offices to the Administration have been introduced in order to identify factors that could delay implementation.

By the end of August 2008, about 1850 applications to participate in the programme and about 1200 participants had been registered. Most of the applications have so far been granted. Many more applicants were registered in June and July than in the preceding months. This indicates that the closer follow-up has yielded results and that a steady and substantial increase in the number of participants in the programme can be expected up to the end of 2008.

### **Measures directed at young people outside the labour market**

The main programme available to young people under the age of 20 is upper secondary school. Young people who do not take advantage of the right to upper secondary education or who drop out of school are given alternatives by the county follow-up service. This service ensures that all young people who have not applied for or accepted a place at upper secondary school or in a vocational training programme, or who have dropped out of a school or training programme or who are not in permanent employment are offered some form of vocational training, employment or other form of activity.

Many young people who have dropped out of upper secondary school have a negative attitude to school and upper secondary education, and many would prefer to work rather than attend school. Some individuals in this group also have social or health problems that require follow-up and facilitation measures.

The Government considers it important to prevent long-term unemployment and passivity among young people who are at the beginning of their working careers. The Government is therefore expanding the youth guarantee, a measure that guarantees that young people under the age of 20 who are not at school or in employment are to be offered participation in a labour market measure. There is also a follow-up guarantee for young job-seekers aged 20–24 who have been unemployed for the previous three months or more, which is intended to motivate them to engage in active job-seeking or some other form of appropriate activity. As from 2009 the Government will introduce a guarantee to ensure that young people in the 20–24 age group who have been unemployed for an uninterrupted period of six months or more are offered participation in labour market measures. An initiative will also be taken to strengthen cooperation between the various public services concerned so that the measures for this age group are comprehensive and coordinated.

### **Special measures for adults with poor basic skills**

Studies have shown that a larger number of persons with poor basic skills are recipients of disability benefits and unemployment benefits or have much lower employment incomes than those with better skills. Providing better

opportunities for adults to acquire basic skills is therefore an important instrument in the Government's efforts to reduce poverty.

#### *Programme for basic competencies in working life*

A programme for teaching basic competencies in working life was established in 2006. The programme assist adults to acquire the basic skills for coping with the demands of working life and the necessary adaptability without having to attend school. Businesses and public enterprises may apply for grants for motivation programmes and training in reading, writing, arithmetic and ICT. In 2007 and 2008, funds were also set aside for projects directed at job-seekers under the labour and welfare service. In 2008 a trial scheme was introduced under which bodies offering this type of training and organisations in working life may apply for such grants jointly with a business or public enterprise.<sup>2</sup>

In the 2009 government budget, the Government is proposing to continue the allocation for this measure by setting aside NOK 38.6 million. The goal is to further develop cooperation between the labour and welfare authorities, the counties and businesses on giving a larger number of job-seekers training in basic skills.

In the period 2006–2008 grants were awarded for a total of 230 projects. From 2006 to the first half of 2008, over 3000 employees and unemployed persons participated in training measures under the programme for basic competencies in working life. It is too early to determine the long-term effects for the individual in terms of labour market attachment and participation in upper secondary education, but so far experience has shown that participation in the programme has given the participants more self-confidence, and many of them wish to continue their education.

#### **Special measures for immigrants**

Although many groups of immigrants participate in working life in the same way as the general population, unemployment among immigrants as a whole is over three times as high as for the rest of the population. Measures for increasing labour force participation among immigrant groups consist of individual qualification programmes for newly arrived

immigrants, targeted measures for groups that are outside the labour market and measures targeted at employers to encourage them to recruit more employees with immigrant backgrounds.

The introduction programme for newly arrived immigrants and the right and obligation to follow a Norwegian language programme are key instruments for helping immigrants participate in working life as soon as possible and become financially independent, and thus to avoid being part of a low-income group.

#### *Job-oriented measures for immigrants*

As a step in the implementation of the Action Plan for Integration and Social Inclusion of the Immigrant Population, the Government has intensified job-oriented measures for immigrants. In 2007 about NOK 165 million was allocated to labour market programme places and closer follow-up by the labour and welfare authorities. Job-oriented measures for immigrants were continued in 2008 and will form the basis for further measures in 2009. The introduction programme for newly arrived immigrants will include more job-oriented activities, and measures for immigrants who have a particular need for assistance to enter employment will also be intensified. Special emphasis will be given to measures covering groups of young people with immigrant backgrounds in city areas.

The Labour and Welfare Administration has a broad range of labour-market measures to ease the transition to employment for individuals who require special assistance. In 2009 the programme as a whole will provide a satisfactory service for immigrants, young people and the long-term unemployed. The labour-market measures will be adapted to the needs of the individual job-seeker and to the situation in the labour market. The proportion of immigrants who participate in labour market measures has increased in recent years. The employment rate has also risen considerably, and unemployment has declined to one of the lowest levels in the last 20 years.<sup>3</sup>

#### *New opportunities*

The qualification programme «New opportunities» is a trial project under which individuals who after several years in Norway have no permanent attachment to the labour market and are therefore dependent on social assistance. The programme has been developed on the model of the introduction programme for newly arrived immigrants, and the aim is to give a larger number of immigrants permanent attachment to the labour market. NOK 20 million has been allocated to this programme in the government budget for 2008. These funds are allocated to the 12 municipalities with the largest immigrant population and to municipalities that have established integrated labour and welfare services.

In 2008, NOK 19 million was allocated to 25 projects, 22 of which had been started in 2007. NOK 1 million was allocated to an incentive scheme for municipalities, under which they may apply for further funds for every participant in the qualification programme who has entered employment.

The Government will continue «New opportunities» in 2009. The project will then be angled especially towards groups from selected non-western countries that have particularly high unemployment or low employment rates. The main target group will be women from these countries.



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A summary of project activities for the period 2005–2007 published by the Directorate of Integration and Diversity showed that 48% of those who participated in the project entered employment or an education programme. The majority of participants in the projects were women (57%), the average age was 36 and over 80% had a refugee background. Almost half the participants had had no work experience in their home country and 55% had lived in Norway for between five and 25 years without having been in paid employment.

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#### *A moderate degree of affirmative action*

The Government has established an initiative for a moderate degree of affirmative action for recruiting individuals with an immigrant background to jobs in the central government administration, which requires all undertakings in this sector and all regional health authorities to develop specific plans for increasing recruitment of such individuals. The Government has also initiated a number of measures to strengthen links between employers that need workers and suitable individuals with non-western immigrant backgrounds.

#### **Special measures for prison inmates**

Individuals serving a prison sentence have in general considerably less work experience than the rest of the population, and a lower level of education and income. Many of them have heavy debt burdens, are drug abusers or have physical or mental disorders.

Prison inmates and convicted persons have the same right to public services as the rest of the population. Access to these services and adequate preparation for the period after release from prison are important for reducing poverty among these individuals.

#### *The reintegration guarantee*

In its policy platform, the Government stated that it would introduce a reintegration guarantee that would include close follow-up after release from prison. Reducing crime and poverty is a social responsibility that requires close cooperation across public agencies and services.

In autumn 2008 the Government will present a white paper on the Norwegian Correctional Services, in which the reintegration guarantee will be discussed. One of the main aims of the service is to strengthen cooperation with other services and agencies on follow-up after release from prison.

#### *Education and training in the Correctional Services*

A suitably adapted education programme is very important for successful rehabilitation and is thus an investment in the future and a contribution to greater security in society at large. The Government seeks to ensure that a larger number of prison inmates are offered education and training programmes and has increased the allocation to these programmes in the Correctional Services. The aim is to ensure that a larger number of inmates or convicted persons are able to follow a programme that is adapted to their needs and helps them to cope with a life outside crime after release from prison.

Training programmes have been introduced in a number of new prisons and more prisons have expanded their education

programmes to take account of greater capacity. In 2008 education and training programmes will be available at all prison institutions in Norway. The programmes are mainly in the field of upper secondary education: general, economics and management studies, and health and social studies. Inmates have also been offered more vocational training programmes.

A number of projects have been initiated for further developing and improving the available education and training programmes. All schools that provide education and training under the auspices of the Correctional Services have been offered an opportunity to participate in innovation work in connection with education and training. A project has been introduced for the accreditation of prior experiential learning, which is intended to incorporate a greater degree of assessment of non-formal and informal learning in education and training programmes under the Correctional Services. This will make it possible to tailor programmes more closely to the individual pupil. Another project has been initiated to survey the educational backgrounds of inmates in Nordic prisons in order to enable education and training programmes to be better adapted to the needs of these individuals.

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The total number of places for pupils in prison has increased from 1 068 in 2006 to about 1 280 in 2008. The 2006 annual national report on education and training in the Correctional Services drawn up in 2006 by the County Governor of Hordaland showed that the number of prison inmates who had completed a vocational qualification had risen, and a larger number had entered into apprenticeship contracts than in previous years. The 2007 report showed that the guidelines on facilitating a greater number of short qualification courses and upper secondary vocational programmes for prison inmates, which were set out in Report Number 27 (2004–2005) to the Storting, are being followed. A 10% reduction in the number of places in specialised studies and a corresponding increase in the more vocationally oriented programmes from 2006 to 2007 was also reported. The number of students taking examinations at university college and university level has also increased considerably.

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#### *The prison library service*

Prison libraries are financed by central government funds and form part of the rehabilitation activities for convicted persons. They also improve the inmates' quality of life during their sentence. Allocations to these libraries have increased by about NOK 10 million since 2005. This has improved the financial situation of these libraries and led to the establishment of new libraries.

#### **Other measures for vulnerable groups in the labour market**

##### *Nation-wide investment in targeted labour market measures*

In 2003, a programme of targeted labour-market measures was introduced in 31 municipalities. Since then the numbers of municipalities in the scheme and of labour-market programme places have increased, and the scheme now includes all municipalities in the country. The target groups are long-

term recipients of social assistance, young people aged 20 to 24 and single parents whose main income is derived from social assistance, immigrants who require assistance to enter the labour market and recipients of medication-assisted rehabilitation. In the second half of 2007 the scheme was expanded to include prison inmates. The aim is to help persons in the target groups to support themselves through employment.

In 2008 an average of 4 530 places on labour market programmes were earmarked for these target groups, including 145 places for recipients of medication-assisted rehabilitation.<sup>4</sup> The Government will continue the scheme in the government budget for 2009. Since there is some overlap between the target groups, some of these places will also be used for participants in the qualification programme.

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By the end of April 2008, over 6 600 persons were part of the new scheme,<sup>5</sup> 3 800 of whom were participating in labour market programmes. A further 98 persons participated in the qualification programme for vulnerable groups, and this has brought the total share of participants benefiting from the measures up to 81% of the total number of earmarked places. Adapting measures and helping users to enter the labour force are demanding and time-consuming. By the end of April 2008, 346 persons had also been registered in medication-assisted rehabilitation, 179 of whom were participating in labour market programmes. Many of these individuals have a number of different kinds of problems and require combined assistance from several services.

An evaluation conducted in 2006 showed that 38% of the approximately 4 000 persons who entered and completed programmes under this scheme in 2003 and 2004 had found employment by the end of 2004. The scheme seems to have had a small but statistically significant positive effect compared with a control group if the term «employment» is broadly defined. Participation in the scheme among long-term recipients of social assistance had a significantly positive effect on the number of participants who found employment in both the strict and the broad sense of the term.<sup>6</sup> The evaluation also showed that in several municipalities the members of the target groups who seemed likely to find employment fairly quickly were the first to be selected for labour market programmes, followed by the weaker participants, who needed a longer time and closer follow-up.

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#### *Closer individual follow-up*

As an extension of the targeted labour market measures scheme, a trial project was initiated in autumn 2005, in which persons who needed special assistance in order to benefit from labour market measures were followed up more closely. The aims were to increase the employability of each individual so that he or she could benefit from such measures, to reduce the number of people likely to drop out of such measures and to develop methods for individual follow-up and cooperation between the public services involved.

In 2008 NOK 30 million was allocated to the project, which ends in 2008. The Government proposes in the 2009 government budget to continue the allocation to these efforts. A sum of NOK 22.5 million is to be allocated to knowledge transfers from the individual follow-up project to the efforts to implement the qualification programme, since the lessons learned are considered to be highly relevant. The Government also proposes to allocate NOK 7.5 million to a project involving closer individual follow-up during the transition from prison to civilian life. The project is a cooperation between the Labour and Welfare Service and the Correctional Services, and the funds will go to local projects in a number of municipalities where there are prisons.

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In 2007, 20 municipalities received grants for a total of 36 local individual follow-up projects. The projects were implemented by the social services and/or the labour and welfare office for the municipality. Over 1 800 persons have been involved in the scheme. The users face considerable obstacles to entering the labour force and require follow-up and services from several different agencies. For example they may have health problems, especially mental health problems, financial and debt problems, housing problems, weak social networks and poor qualifications. The evaluation of the project concluded that under the scheme more individuals have been able to find employment or participate in other activities.

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#### *Grants to activation and work training programmes for persons with little or no labour market attachment organised by voluntary organisations*

In 2005 a grant scheme was established for activation and work training programmes under the auspices of voluntary organisations. The target group is persons who have little or no attachment to the labour market and who are often socially excluded. For some the goal is rehabilitation, inclusion and a better quality of life. Others are able to benefit to a greater extent from job-oriented measures. The scheme was designed as a three-year trial programme, with an allocation of NOK 10 million. The scheme was evaluated by the Fafo Institute and shown to have yielded good results. It will therefore be continued in 2009.

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Sixteen projects received grants in 2007, 15 of which applied for and received grants to continue their activities in 2008.

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#### *Wage grants without time limits*

In May 2007 a trial project for wage grants without time limits was initiated in five counties. The aim was to establish an alternative to a disability pension for those who are able and willing to work but whose working capacity is considerably and permanently reduced and who would otherwise be forced to accept a disability pension. In 2008 the scheme was expanded to cover the whole country and in 2009 will receive funding for a larger number of places.

# Opportunities for participation and development for all children and young people



Children's well-being, security and development depend on a favourable and secure environment. Children and youth who grow up in poverty are particularly vulnerable to exclusion from social arenas, and they more often encounter difficulties later in life, for example at school and in working life.

An important task for the Government is to facilitate a secure financial and social environment for children, young people and their families irrespective of the family's income. Financial security is essential for preventing poverty-related problems from affecting children and young people. The Government will therefore continue and improve welfare policy for families with children in the form of family allowances, parental leave and the lump-sum maternity grant, and will continue the efforts to improve and lower the cost of daycare for preschool children and children in the lowest school grades.

An inclusive environment for children and youth is created through close cooperation between the municipality and local community groups such as voluntary organisations, other children and youth, parents and other active groups. The Government will seek to ensure that the municipality provides all children and youth, irrespective of their family's financial or social situation, with open and inclusive meeting places for development and participation.

Research has shown that children in the care of the child welfare service score lower than other children on a number of living conditions variables, and the programmes and services offered by the child welfare service are therefore also crucial.

## Education – an instrument for social cohesion

The possession of basic skills contributes to inclusion in working life, a secure income and social participation in a broader number of areas. The education system is therefore an important instrument for reducing poverty and marginalisation and for social cohesion.

The Norwegian educational system is based on the principles of solidarity, equal access for all and the opportunity for life-

long learning. Primary and lower secondary school is compulsory and every child has the right to upper secondary education. Higher education is free and the educational support scheme provides equal opportunities for education irrespective of geography, age, sex, degree of functional ability, or financial or social background.

Over one quarter of young people in upper secondary education leave school without being qualified for an occupation or for higher education. Such young people are more vulnerable to poverty and marginalisation. There are great differences in the numbers of pupils who complete their education between those who follow study programmes leading to higher education and those in vocational training programmes. A large proportion of those who drop out of upper secondary school lack basic skills and received low grades in lower secondary school. There is also a strong association between parents' educational attainment and completion of upper secondary education. Pupils with immigrant backgrounds more often drop out of upper secondary school than others. On the other hand, when these pupils are compared with other pupils with the same lower secondary school grades and parents with equal educational attainment, the pupils with immigrant backgrounds have a slightly higher probability of completing upper secondary education. This indicates that the differences are largely a reflection of the pupils' social background. Another factor that particularly affects children with immigrant backgrounds is that some of them arrive in Norway at a later stage in their school careers, which can make it more difficult for them to complete their schooling.

The principle of early intervention is a very important part of educational policy. The Government will facilitate the provision of good opportunities for learning and qualification for all children and youth in daycare, primary school, secondary school and higher education.

## Measures to reduce social disparities in the education system

Norway is one of the countries with the greatest disparities in academic performance among school pupils. However, like the other Nordic countries, Norway is also one of the countries where the pupils' family background plays a relatively

small role in explaining these disparities. This is due to the fact that in general there are smaller social differences in the Norwegian population than in many other countries.

In autumn 2006, the Government presented the white paper *Early intervention for lifelong learning* (Report No.16 (2006–2007) to the Storting). The white paper pointed out that many young people leave lower secondary school with poor academic skills and qualifications, and that such differences follow social patterns. It is important that all children should have the same opportunity to develop and acquire skills. A society based on equality and solidarity provides the best framework for personal fulfilment. When social disparities increase, efforts to counter these disparities in the education system must be intensified. The white paper presents the Government's policy for ways in which the education system can promote social cohesion. The measures proposed in the white paper are intended to ensure that the individual's needs are met at every level of the education system. This includes high ambitions for the pupils' learning achievements and fostering good learning processes at an early age. When problems arise they must be dealt with as soon as possible.

#### *A daycare system that includes all children*

The preschool period and the linguistic foundation that is laid during these years is of great significance for the child's coping skills and learning at school. The language stimulation provided in daycare contributes to social cohesion. Generally available, good-quality educational daycare gives children a more equitable learning environment and provides a simpler and more secure life for families with small children.

The goal of the Government's daycare policy is to provide high-quality, low-cost daycare for all. There are three policy instruments for ensuring that all children have access to daycare. The statutory right to a place in a daycare centre will enter into force in 2009. This right is based on the recognition of the role played by daycare in education, and gives children the right to an educationally sound environment so that they have good and equitable opportunities for development. The Government will continue to impose a ceiling on the cost of daycare to parents at the same nominal level as in 2008 every year until the goal set out in its policy platform, of a ceiling of NOK 1750 (2005 NOK), is reached, which is expected to happen in 2012.

#### *Comprehensive strategy for quality enhancement in primary and lower secondary school*

In the budget for 2009, the Government proposes a comprehensive strategy for quality enhancement in primary and lower secondary school. The emphasis is on early intervention and the role of the teacher as a key factor in improving the results of Norwegian pupils in primary and lower secondary education. The measures set out in the strategy include competence development in the daycare sector, especially further education in linguistic environment and language stimulation, further education for teachers and school principals, further development of the national quality assurance system, new criteria for recruiting teachers, and enhancing the quality of teacher training programmes. The Government proposes to increase the allocation to quality enhancement in primary and lower secondary education by about NOK 600 million in the government budget for 2009.

#### *Extra help for pupils with poor reading and arithmetic skills*

It is important to identify any challenges a pupil may be facing at an early stage, since early intervention often reduces the need for special education later. In June 2008 the Government presented a white paper on equality in schools (Report No. 31 (2007–2008) to the Storting). One of the most important measures proposed in the report is that schools should have a duty to provide more extra help for pupils with poor reading and arithmetic skills in grades 1 to 4. In 2009, NOK 430 million of the unrestricted municipal revenues was made available for municipalities to complete the introduction of new teaching aids as a result of the Knowledge Reform. The Government has proposed to continue freeing up these funds within the municipalities' financial framework in order to ensure that the municipalities have the resources to increase the number of teachers and other necessary specialised personnel.

#### *Gradual lengthening of the school day*

The Government will seek to ensure that the school day of pupils in the lowest grades is gradually lengthened. This is intended to improve the children's learning, promote social cohesion and reduce the need for after-school daycare. The number of lessons in all grades was increased during the period 2006–2008. In autumn 2008 the number of lessons was increased by a total of five per week for grades 1 to 4, and in autumn 2009 a further two lessons will be added to the primary school week.

#### *Free textbooks*

In order to implement section 2-15 of the Education Act, which states that pupils have the right to free public primary and lower secondary education, a scheme for free textbooks in upper secondary education is being phased in during the period 2007–2009.

#### *Strengthening of the schools advisory service*

The Government has strengthened the advisory service provided by the school in order to give pupils a better foundation for deciding what kind of upper secondary education programmes they wish to follow. Guidelines will be developed proposing competence criteria for the service.

#### *New compulsory subject in lower secondary school*

As from autumn 2008 a new subject «educational choices» has been made compulsory in lower secondary school. In this subject pupils should as a rule be able to try at least two upper secondary education programmes. Allowing pupils to explore their interests and giving them more information about upper secondary education and working life will give them more knowledge and confidence on which to base educational and careers choices.

#### *Extension of adults' right to upper secondary education*

The number of persons without a right to upper secondary education is increasing. This applies to those who were born after 1978 and who have not attended or who have dropped out of upper secondary school. It also applies to an increasing number of immigrants who have arrived in Norway too late to benefit from lower secondary school pupils' right to upper secondary education, and who are too young to benefit

from the right of adults up to the age of 25 to upper secondary education.

As from 1 August 2008, the Government has extended the application of the right to upper secondary education for adults born before 1 August 1978 to include adults over the age of 25.<sup>7</sup> Furthermore, young people may apply to the county for upper secondary education on the same conditions as adults, which means that they are able to follow a more individually tailored programme. Thus the amendment ensures that a greater number of adults have the right to upper secondary education, giving them better access to further and higher education and inclusion in working life.

### **Special measures for children and youth speaking minority languages**

*«Equal education in practice! Strategy for better teaching and greater participation of linguistic minorities in kindergartens, schools and education 2007–2009»*

The revised strategy Equal education in practice! was published in February 2007. The strategy focuses on the benefits of diversity and multilingual ability. One of the priority areas is enhancing the teaching of Norwegian.

The Ministry of Education and Research is appointing a committee for equal education of minority-language speakers in daycare, primary school, secondary school and higher education in autumn 2008. The committee is to make a comprehensive review of the educational opportunities for minority-language speakers in these institutions and to evaluate whether the current division of responsibility, instruments and measures are sufficient to ensure that educational programmes are inclusive and equitable.

#### *«Language Promotion»*

The purpose of the «Language Promotion» measure is to improve Norwegian language skills and social skills. Children who are identified at mother and child clinics as needing follow-up or linguistic evaluation will under this measure be offered adapted language teaching and/or Norwegian language lessons that include parents and guardians.

Language Promotion is part of the Action Plan for Integration and Social Inclusion of the Immigrant Population, and was allocated an additional NOK 5 million in the government budget for 2007. NOK 2 million of this was earmarked for measures in Groruddalen in Oslo. An additional NOK 1 million was allocated in 2008 for expanding the geographical scope of the measure to include the Oslo district of Søndre Nordstrand. In the government budget for 2009 it is proposed to continue the allocation at the same nominal level.

#### *Free core time in daycare centres*

Good Norwegian language skills are essential to success at school, in higher education and in working life, and attending a daycare centre gives minority-language children a better opportunity to learn Norwegian before they start school. In 2006 a trial project for providing free core time in daycare centres was started in the Oslo district of Stovner, where there is a high proportion of children with immigrant backgrounds. The Government continued the project in 2007 and allocated a total of NOK 26.5 million for the expansion of the

project to cover more districts in Oslo. In 2007 the municipality of Drammen was allocated NOK 2.1 million for the development of a strategy to recruit minority-language children to Norwegian language lessons. In 2008 the scheme was further expanded to cover all four- and five-year-olds in four districts in Groruddalen and Søndre Nordstrand in Oslo. A total of NOK 50 million was allocated to the scheme. It will be continued in 2009.

#### *More resources to schools with over 25% minority-language pupils*

In 2007 NOK 6 million was allocated to innovation projects at schools where over 25% of the pupils are minority-language speakers. Half of this was earmarked for schools in Groruddalen. The Government has expanded the scheme to include Søndre Nordstrand, and increased the allocation by NOK 1 million in 2008. The measure will be continued at the same nominal level in 2009.

#### *The Nightingale*

Research has shown that young minority-language speakers tend to drop out of upper secondary school and working life more often than other young people. In 2008 the Ministry of Children and Equality started the mentor scheme «Nightingale» at eight universities and university colleges. Students in the child welfare and social studies programmes were given the opportunity to act as a mentor for a schoolchild during a school year. The target group for the scheme is children with minority backgrounds aged 8 to 12 years, with a special emphasis on those who have lived only a short time in Norway. One of the main goals is that the children should be encouraged to complete upper secondary education and go on to higher education. Each of the eight institutions<sup>8</sup> has engaged a project coordinator in a half position who has been given responsibility for the scheme. In 2008 NOK 3 million was allocated to the scheme, which will be continued at the same level in 2009.



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In autumn 2008 a total of 130 mentors had been recruited and about 130 children will be offered a mentor. The aim is to increase the number to about 160 mentors, 20 for each institution. The Nightingale scheme was started in October 2008 and will run for a trial period of three years, after which it will be evaluated.

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### **Measures to promote an inclusive environment for children**

Voluntary organisations and associations are key arenas for participation, development, learning and social interaction.

#### *Grants for more inclusive sports clubs*

The grant scheme was established in 1993. The number of towns that have adopted the scheme has increased during the last seven years, and the purpose and target group have been made more specific. This is because it is difficult to recruit children and youth to sports clubs in many of the larger cities and the municipalities adjoining Oslo, where a relatively large proportion of the population has an immigrant background.

In 2008 the total grant was NOK 8 million. It is administered by the Norwegian Olympic and Paralympic Committee and Confederation of Sports and distributed to the respective sports councils, which in turn reallocate funds to the sports clubs.

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In 2007, more than 260 measures received support under the scheme. In recent years a trial period has been introduced during which measures are designed to activate and recruit immigrant girls in particular and immigrants and children from families with poor ability to pay in general. Reports show that the scheme has resulted in higher recruitment to sports clubs among the target groups, although it is difficult to know whether the increase in numbers is directly due to the new measures.

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#### *Trial scheme - youth and student discount card for cultural events*

The idea of a discount card for youth and students was first presented as part of the Cultural Initiative and in the Government's political platform. In 2006 NOK 1.2 million was set aside for a trial scheme to be tested in the counties of Rogaland, Østfold and Nord-Trøndelag. The purpose of the scheme is to encourage young people to make more use of culture and to recruit a new public. The card allows young people to obtain cheaper tickets to a wide range of cultural events. NOK 3.9 million was set aside in the 2008 government budget for this purpose. The allocation will be continued in 2009.

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Currently 10 counties have joined the scheme. They have made agreements with cultural institutions in their areas under which young people are offered free or cheap tickets to cultural events. In some counties, such as Rogaland, young people must pay a certain sum to obtain the card. More than 2 600 young people in this county have bought discount cards. For those with a card, the price of tickets to for example cinemas, theatres, concerts and football matches is NOK 50. Museums and exhibitions are free.

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### **Special measures to prevent and reduce poverty among children**

*Competence-building and development measures for the child welfare and social welfare services to prevent and reduce poverty among children and youth*

Since 2004 grants have been given for competence-building and development measures for the efforts to prevent and reduce poverty among children and young people. The aim is to enable children and youth in areas with poor living conditions to participate in society on the same footing as others, and to combat marginalisation, social isolation and the reproduction of poverty. The goal is to be achieved through local measures and by using local models for identifying and coordinating appropriate services for children and families who live in poverty.

In 2008 56 municipalities and city districts received grants from the Labour and Welfare Administration, six more than in 2007. In addition, 29 municipalities receive funding every year from the Ministry of Children and Equality.<sup>9</sup> As part of the efforts to combat poverty among children, the Labour and Welfare Administration and the Directorate of Children, Youth and Family Affairs have jointly developed a plan for improving competence among the social welfare and child welfare services. The reason is that there is a great lack of knowledge on the subject and that it is difficult to recruit qualified personnel. The efforts will be continued in 2009.

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It is difficult to estimate how many children, youth and families have benefited from this measure. Some municipalities have reported figures up to 800, while others have only reported 20. The average number of children and young people who have been reached by the above measure is just under 90 per municipality. Examples of efforts in this field are leisure activities for children and youth, for which there are grants to cover the cost of membership fees, equipment, trips, etc., and activities in connection with school, for which there are grants to cover the cost of school events, help with homework and after-school activities. The funds have also been used to identify and provide alternative activities for youth who have dropped out of upper secondary school and for financial support for families with children.

The municipalities have in general reported great satisfaction with the scheme. In many cases the funds provide extra scope and opportunities to devise new projects, and have made it possible to implement measures that will gradually become part of the normal services provided by the municipality. The reports have also shown that in a number of cases several municipalities have cooperated on implementing measures, and that the child welfare service co-operates better at the local level with the other services involved. The municipalities' efforts to help this target group have become more focused.

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#### *Measures for children and youth in urban areas*

Since 2003 special priority has been given to children, youth and families living in poverty under the grant scheme «Measures for children and youth in urban areas». The purpose is to promote good living conditions and a good environment for children and youth in urban areas and to reduce disparities in

living conditions among children, youth and families living in poverty. The scheme covers 23 urban areas<sup>10</sup> and seven districts in Oslo. Youth groups, city districts, voluntary organisations, and public and private-sector agencies and institutions are eligible for grants under this scheme.

Grants are given for holiday and leisure activities and measures that promote labour market attachment for young people with little or incomplete education. As from 2008 the scheme is being expanded to include grants for coordinated, long-term measures to combat the marginalisation of children and youth who live in poverty. The scheme will be continued in the government budget for 2009.

In 2008 grants were given for 174 measures. The size of the grant varied from NOK 15,000 to several hundred thousand. Each municipality or city district receives funding for a number of measures, ranging from 2 to 20. For example, grants have been awarded for holiday and leisure activities, summer jobs for young people, stores of equipment, help with homework, and competence-building measures.

The grants give children and young people, and their families, the opportunity to participate in positive holiday and leisure activities. Young people with little or incomplete education gain greater labour market attachment. The grants also enable cities and municipalities to arrange activities for this group and to develop new work forms and methods. The 2007 reports showed that the municipalities' efforts for this target group have become more focused.

## Other measures for vulnerable children and youth

### *Left-out youth*

In 2007 the Ministry of Children and Equality invited eight municipalities to be part of the innovation project «Left-out youth». The project is targeted at 15- to 25-year-olds who are not participating in education or working life and who are not able to benefit from universal schemes. The municipalities receive grants from the Ministry to develop, test and put into practice measures for reaching youth in this group and helping them to enter education and/or employment. The purpose is to combat marginalisation and exclusion from working life and education for high-risk groups of young people. The first results were presented in autumn 2008. Parallel with this project, the Ministry has initiated a research project to study how this target group experience their situation, and has appointed a working group to consider out-reach methods for coming in contact with marginalised youth. In 2008 NOK 5 million was set aside in the government budget for the continuation of these projects in 2009.

### *Vulnerable youth aged 17– 23 in a transitional phase*

In 2006 the Ministry of Children and Equality and the Labour and Welfare Administration started a three-year innovation project that focuses on the transition to an independent life as adults. It includes measures such as help and support from the child welfare and social welfare services, rehabilitation of young people after completion of a penal sentence, and helping young people make the transition from school to working life. Eight municipalities are taking part in the project and have implemented measures for these groups, including edu-

cation and training programmes, jobs, housing and meaningful leisure activities. The innovation project is linked with the project Left-out youth. The research institute NOVA, Norwegian Social Research, will perform a mid-term evaluation, and their report will be submitted in December 2008. The project will be continued in 2009.

### *Nordlandsprosjektet «Ungdom i svevet»*

This project in Nordland county is concerned with social work involving young persons in high-risk groups in local communities. It is headed by the County Governor of Nordland and is receiving support from the Labour and Welfare Administration, the Directorate for Children, Youth and Family Affairs, and the Directorate of Health. The project consists of 10 smaller projects in eight municipalities in Nordland county, where the strategies and measures are being tested, and three focus projects to identify the main challenges in the 10 municipal projects and provide general competence development. The three focus projects are being carried out by Bodø University College.

### *Research on the poorest families*

The Ministry of Children and Equality is supporting the research project «Are the measures against child poverty reaching children and youth from the very poorest families?» under the auspices of the research institute NOVA. The project focuses on families from both majority and minority backgrounds and distinguishes between families with short-term poverty problems and families with permanently low incomes. The study includes the families' life situation, the use of measures and access to measures among children and youth from low-income families. It is scheduled to be completed in 2008.



### *Improved cooperation and coordination of services for vulnerable children and youth*

Cross-disciplinary cooperation often helps to identify high-risk children at an earlier stage and thus prevent problems from developing further. This also applies to the prevention of poverty and marginalisation. The Ministry of Children and Equality, together with the Association of Local and Regional Authorities, has initiated the innovation project «Improved cooperation and coordination of services for vulnerable children and youth», in which 15 municipalities try out different cooperation models in order to find out what can be done to improve cooperation. The Association will administer the project and a project coordinator has been appointed. Municipalities will be invited to join in autumn 2008. The results will be published so that other municipalities can benefit from the lessons learned.

### *Measures for children with mentally ill and/or drug-dependent parents*

Children who grow up in families with substance abuse have a higher risk of developing substance abuse problems themselves. For children who live in families where a parent is mentally ill, two out of three will develop mental health problems and one out of three will develop a serious mental disorder. Many of these children do not receive the necessary help and follow-up.

The Ministry of Children and Equality and the Ministry of Health and Care Services cooperate on a programme of measures for children with mentally ill and/or drug-dependent parents. The aim is to help these children at an early stage, strengthen advice and competence-building in the relevant services, provide long-term follow-up, increase research activities, share experiences and encourage voluntary organisations to provide assistance. A total of NOK 34 million was allocated for this purpose in the 2008 government budget for these two ministries. The programme will be continued at the same level in 2009.

### *Increased family allowance*

A survey undertaken in 2007 by the association for prisoners' families indicated that these families often have both financial and mental health problems when a close family member is imprisoned. Most spouses and partners report that after imprisonment of the family member their financial situation has worsened, and many of these have moved from income from employment to social security benefits. Almost half the children in the sample had suffered from worse health and from the financial problems in the family.

As from 1 June 2007, the family allowance to one parent when the other has been in prison for more than six months has been increased.

# Improved living conditions for the most disadvantaged



The Government has implemented a number of measures to improve the living conditions of the most disadvantaged and the opportunities available to them.

## **Coordinated, cross-sectoral efforts**

Government services, municipalities and voluntary organisations are the main stakeholders involved in the efforts to reduce poverty, both singly and in close cooperation.

Cross-sectoral and interdisciplinary cooperation is in many cases a prerequisite for success.

The municipalities are responsible for some of the most important services for ensuring good living conditions for all citizens. One of the Government's main goals is to strengthen the welfare services. A strong public sector and a universal welfare scheme are essential for improving living conditions for the whole population. Well-developed public social welfare services can provide equal opportunities irrespective of the individual's financial and other resources, and are intended to ensure basic financial security and welfare for all.

The Government has strengthened local government finances, and this has given local authorities greater scope for strengthening services targeted at families and children, and the education and care services. From 2005 to 2008 the local government sector has recorded revenue growth in real terms of 2008 NOK 20.4 billion, which the authorities have used to improve services to the inhabitants. The Government will continue to strengthen local government finances, and is proposing to include in the 2009 government budget additional real revenue growth in the local government sector of about NOK 8.4 billion compared with the level in the revised national budget of 2008.

Voluntary organisations, groups and associations are important arenas for participation, influence and social cohesion. The Government intends to strengthen and further develop the dialogue with voluntary organisations and representatives of socially and financially disadvantaged groups. NOK 10 million was allocated in 2008 for this purpose, and the Government proposes to increase the allocation by NOK 2 million in the 2009 government budget. In spring 2008, a liaison committee between the Government and organisations for socially and financially disadvantaged groups was estab-

lished, and a cooperation forum consisting of these organisations was also established. «Batteriet», a nation-wide self-help service under the auspices of the Church City Mission, serves as secretariat. Funds have been allocated for the operation of this cooperation forum, for the establishment and operation of new self-help service offices in other parts of Norway, and for grants to organisations that work to reduce poverty and social exclusion.

## **A new and improved housing support scheme**

Housing support is an important and targeted instrument for helping those who have difficulties in the housing market. Housing support allows these groups to establish decent homes and ensures security for those who already have homes. The scheme is organised in such a way that it benefits those with the lowest income and those with relatively high housing expenses.

A number of improvements in the housing support scheme have been made since the present government took office. In the 2006 government budget the ceiling for housing expenses was raised, monthly decisions on housing support were introduced from 1 September 2007, and in 2008 participants in the qualification programme were included in the group eligible for housing support.

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The introduction of monthly decisions on the award of housing support has reduced the time from application to the first payment from an average of six months to about six weeks. Since the introduction of this measure, 28 000 new households have received the first payment of housing support earlier than they would have received it under the old rules. Among these are almost 10 000 households with children. When conditions for housing support no longer apply, payments are stopped after only one or two months.

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However, the current rules for housing support are not good enough; for example there are still a number of groups that are not eligible. Furthermore, the rules are complicated and comprehensive. The Government has undertaken a comprehensive review of the whole scheme, and in the government budget for 2009 proposes considerable changes in the rules.

These include revoking the rules for the type of person eligible for support and the type of funding, and bringing the housing requirements up to date. Equal treatment of everyone with a low income irrespective of whether their income is derived from social security benefits or for example wages, will make housing support more effective as an instrument for reducing poverty, and will strengthen the financial incentive to make the transition from benefits to employment. The income ceiling will be raised to ensure that families with children in particular are in a better situation than they are under the current rules. The proposal is likely to result in 40 000 to 50 000 more recipients of housing support in addition to the 100 000 who receive it under the present rules. The Government will present a white paper describing the proposal in detail and presenting proposals for new rules.

The new housing support will take effect as from 1 July 2009, and will result in an increase of about NOK 300 million in the payment of housing support in 2009. In 2012, when the new scheme has been completely phased in, the restructuring is expected to have resulted in payments of about NOK 1 billion higher than those under the current rules.<sup>11</sup>

### **Improvements in other social housing instruments**

Research has shown that many municipalities do not have sufficient knowledge of how financial instruments can be used effectively and benefit the target groups. The State Housing Bank will be an important resource for the municipalities as an adviser on administration of the financial instruments and other matters related to housing. In 2009 the Housing Bank will increase its efforts to help municipalities so that they can acquire more expertise on social housing, which will give them a better foundation for intensifying their efforts to provide housing for those with difficulties in the housing market.<sup>12</sup>

The Government would like the Housing Bank to offer 20-year fixed-rate loans. This would give low-income households greater predictability for loan repayments.

### *Start loans to youth and those with housing difficulties*

Start loans are available to young people and those with housing difficulties to help them buy their own homes. They are issued by municipalities to households that have difficulty entering the local housing market, and may also be granted to households with a large debt burden in order to enable them to keep their homes. Such loans have first priority in the Housing Bank's borrowing quota.

In order to encourage municipalities to make more active use of the scheme, the Housing Bank and the Association of Local and Regional Authorities have published an information brochure on start loans. The two bodies will organise regional conferences in 2008 and 2009 on the subject of start loans and their relation to the other housing schemes provided by the Housing Bank.

### *Housing grants for rented accommodation*

The Housing Bank also awards grants for rented accommodation. In order to encourage greater efforts to help those with the greatest housing difficulties, the Government allows the Housing Bank, in special cases and according to predefined criteria, to provide housing grants covering up to 40% of the total expenditure on certain types of accommodation for those who need to be followed up, such as substance abusers and other seriously disadvantaged groups. This change does not imply a general increase in rates, and is implemented within the framework of this budget item. In addition the Housing Bank provides basic loans, for example for obtaining rented accommodation for disadvantaged groups and for households in the start-up phase.

In order to ensure that the municipalities are able to have more rented accommodation at their disposal, the Housing Bank should make a commitment for grants to 1500 new rented homes in 2009.<sup>13</sup>

### *Research and development grant*

The Housing Bank makes active use of a grant for research and development to encourage municipalities and others to initiate projects and studies in order to gain more knowledge on social housing matters. Measures to prevent and reduce homelessness have first priority. The Government has increased the size of the grant for research and development substantially during its term of office.

### **Greater efforts to reduce homelessness**

A national survey of homelessness estimated the number of homeless in Norway at 5 500 in 2005. This was about 300 more than in 2003, but 700 fewer than in 1996. A large proportion of the homeless (about 60%) also have a substance abuse problem, 38% have a mental health problem and 12% are immigrants. Just under one-third have children.

The Government's aim is to prevent and eradicate homelessness. These efforts are given first priority in the work of the Housing Bank, and in the last few years have involved a wide range of administrative levels and sectors. Together with other relevant agencies, the Housing Bank seeks to ensure that:

- Persons released from prison or discharged from an institution are provided with appropriate housing during the transition period.



- Young people making the transition from child welfare measures and other disadvantaged young people are given help to acquire a home as part of a coordinated effort that includes school, work, leisure, and the necessary housing follow-up.
- The homeless are offered appropriate temporary housing as part of a scheme for more long-term housing solutions.
- Accommodation to meet acute housing is brought up to standard and only used for a short period.
- No one lives for more than three months in temporary accommodation.

The Housing Bank will continue to support projects that aim to reduce the number of evictions and eviction notices and to limit forced sales. A new survey of homeless persons is being conducted in November 2008. In 2009 the Housing Bank will be responsible for assisting municipalities that face major challenges in this area by providing financial instruments and technical support.

«The pathway to a permanent home (2005–2007)» was a three-year national strategy to prevent and reduce homelessness. The activity of municipalities and other agencies increased considerably during the strategy period. By the end of 2007, local measures had been established in 96 municipalities.

Almost all the municipalities have attended the conferences arranged by the Housing Bank and county governors in the last few years. Eighteen municipal networks have been established, in which 135 municipalities and 14 Oslo city districts participate. These networks enable municipalities to share their experience of working methods and housing solutions, and develop good models. In a survey conducted as part of the evaluation of the strategy, all the municipalities in the sample reported that they had developed specific plans for reducing homelessness.

The number of evictions and eviction notices declined considerably in 2005 and 2006. For the whole period 2004–2007 the number of applications had been reduced by 22% and the number of actual evictions by 15%.

#### *A new cooperation agreement on social housing between the Government and the Association of Local and Regional Authorities*

The Government has entered into a new cooperation agreement with the Association of Local and Regional Authorities on social housing. The Government and the Association will invite political leaders to a meeting on social housing issues in autumn 2008, so that important problems can be identified and discussed with a view to finding improvements.

#### *Grants for follow-up housing services*

The grants scheme for follow-up services for housing for drug abusers and the homeless was established in 2003. The purpose of the scheme is to strengthen and develop the ordinary municipal services in such a way that they can meet the need of drug abusers and the homeless for follow-up housing services. In the period 2005–2007 the scheme was part of

the strategy «On the way to your own home». The scheme will be continued in 2009.

By the end of 2007, grants had been awarded to 95 municipalities/city districts and 111 follow-up measures. This is the same number of municipalities as in 2006. The measures were funded for a three-year period. In 2007 an estimated 2500 persons received assistance under the scheme, about 500 fewer than in the previous year. The decrease is due to the fact that grants were awarded to a larger number of medium-sized and small municipalities and that some new municipalities had not started their activities by the end of the year. Most of the recipients of follow-up services have a combination of drug abuse and mental health problems. Another group that needs help is young people aged between 18 and 25.

The follow-up services cover a wide range, for example help in obtaining and establishing a home, practical assistance and services, financial advice, health-promoting measures and provision of employment and leisure-related and other types of activities. The reports in 2007 showed that a growing number of persons need comprehensive, long-term services. The evaluation performed in 2007 showed that the municipalities used the major part of the grant to establish new positions. The users said they were receiving services they had not received previously and most of them were very satisfied. However, the evaluation also pointed out that the organisation of the services could be improved and that there was a need to intensify the efforts to prevent homelessness and to strengthen users' legal rights.

#### *«From temporary accommodation to permanent home»*

In 2007 the Government initiated a trial project in the four major cities and five adjoining municipalities that had problems related to the use of temporary housing.<sup>14</sup> The aim of the project was to develop methods and measures for following up persons living in temporary accommodation and offering them permanent homes. The project is one of the efforts to achieve the target that no one should spend more than three months in temporary accommodation, and is the result of cooperation between the Labour and Welfare Administration and the Housing Bank. In 2008 NOK 10 million was set aside for the project, which will be terminated in 2009.

#### *Cooperation between municipalities and the Correctional Services*

About one-third of all prison inmates are homeless when they enter prison.<sup>15</sup> To help this group out of poverty, it is important to be able to offer them a permanent home and not just temporary housing on release. The aim is that all prison inmates should have suitable housing on release from prison. By the end of 2007 a total of 44 cooperation agreements on housing had been concluded between the Correctional Services and individual municipalities. The efforts to obtain homes for a larger number of released prisoners have high priority. In 2007 the Correctional Services received a research and development grant from the Housing Bank to engage seven employees to deal with competence development in housing matters and develop procedures for ensuring that released prisoners are offered suitable housing.

## Measures to reduce social inequality in health

Public services influence income distribution and living conditions in the population. The health services can improve the individual's quality of life in the short term and improve working and earning capacity, and thus material living conditions, in the long term. The Norwegian health service is based on the right to health services for all, which is set out in the Patients' Rights Act. Under the municipal family physician service the inhabitants of every municipality have the right to choose their own family physician. The Government intends to ensure good and equitable health services for all.

In accordance with a proposal by the Government set out in a white paper (Report No. 66 (2005–2006) to the Storting), the increase of NOK 50 in the user fee for physiotherapy treatment that was introduced on 1 January 2006 was reversed as from 1 July 2006. In 2006 ceiling II for user fees was lowered from NOK 3500 to NOK 2500. The ceiling includes a user fee for a stay in a rehabilitation institution, physiotherapy treatment, most reimbursable dental treatment and travel abroad for treatment purposes. Persons who in the course of a calendar year have paid user fees for these services up to the ceiling have free entitlement to health services.

The health of the Norwegian population is good, but the average figures conceal large social inequalities in health. These inequalities are closely related to other social inequalities. In spring 2007 the Government presented a white paper on a national strategy to reduce social inequalities in health (Report No. 20 (2006–2007) to the Storting). This strategy is part of the Government's general policy to promote social cohesion and inclusion, and reduce poverty. Reducing social inequality in health will require targeted, long-term efforts in many areas. The strategy has established goals in the following areas: income, children's well-being, work and the working environment, health behaviour, the health services and social inclusion. The Directorate of Health has been tasked with establishing a reporting system for following developments in these areas in cooperation with other directorates. The first report will be presented in June 2009.

In order to determine the most effective measures for achieving these goals, the Ministry of Health and Care Services has commissioned Statistics Norway to make a study of social inequality in the use of health services. The study will be completed during 2008 and will provide useful information on which to base measures for reducing any unequal distribution in the use of health services.

### *Public dental service for those who need it most*

In the white paper *Accessibility, Expertise and Social Redistribution – a Dental Service for the Future* (Report No. 35 (2006–2007) to the Storting), the Government stated that it would consider expanding the publicly financed dental scheme to include more groups. Among those being considered for inclusion are persons with very low incomes and persons with serious psychiatric disorders. A scheme to shield people against high expenses for dental treatment is also being considered. The Storting has supported the proposal that the above groups will be considered in connection with an expansion of the publicly financed dental scheme to include the neediest groups.

During the period 2005–2008, the free county dental service was expanded to cover drug abusers being treated in health institutions, those in the care of the municipal alcohol and drug addiction services and those in medication-assisted rehabilitation. In addition all prison inmates receive free dental treatment from the county, and many municipalities, have established low-threshold health services that include dental services. It is also possible to apply for financial support for dental treatment under the Social Services Act.

## Measures for substance abusers

Substance abusers are not a homogeneous group and there are great variations in the type of addiction and degree of psychosocial, somatic and mental health problems. Heavy drug users are among the most disadvantaged groups in Norway. They often have problems with employment, education, housing, personal finances and networks, and they have considerable health problems and a history of multiple treatment attempts.

### *National Action Plan on Alcohol and Drugs*

The Government included a National Action Plan on Alcohol and Drugs in the government budget for 2008. The implementation period is 2006–2010. The plan is intended to reduce the negative consequences of drug abuse for individuals and for society. The plan is also an important contribution to reducing poverty.

In the 2009 government budget, the Government proposes to increase the allocation to the National Action Plan by NOK 300 million, NOK 228 million of which is to be used for targeted measures to strengthen poverty reduction efforts. With the proposed allocation, the annual allocations in the field of drug abuse will have been increased by a total of NOK 685 million since the plan was launched. During this period the regional health authorities have also intensified their activities and local government finances have been improved, facilitating greater efforts in this field.

The increased allocations to the National Action Plan in 2009 will improve access to health services and promote social inclusion, and thereby contribute to the poverty reduction efforts. The measures include increasing grants for the development of municipal services, strengthening the Salvation Army's Street Hospital, increasing allocations for medication-assisted rehabilitation and cross-disciplinary treatment, and establishing new addiction coping facilities for prison inmates with drug problems. The National Action Plan also includes measures to improve prevention, raise quality and competence, facilitate more binding cooperation and increase user influence.

### *A comprehensive anti-drug addiction strategy in the Correctional Services*

About 60% of all prison inmates have a drug problem when they enter prison, and many of them have a mental health problem.<sup>16</sup> The Correctional Services recently developed a comprehensive strategy to combat drug addiction for the period 2008–2011 in order to improve the rehabilitation and treatment of inmates and convicted drug abusers. Three new facilities for coping with addiction were established in 2007 in

Bodø, Stavanger and Ravneberget prisons. More facilities are due to be established in 2009.

In 2006 common guidelines were circulated on cooperation between health services, the social services, and the Correctional Services on dealing with inmates and convicted drug abusers (Circular G-8 2006). The guidelines are intended to be followed by the Correctional Services, the municipalities and the health authorities.

It is an important goal to increase the number of inmates who are serving their sentences in treatment or care institutions in accordance with section 12 of the Execution of Sentences Act. The statistics for 2007 showed that 457 persons were directly imprisoned or transferred to section-12 institutions; this corresponds to 42 118 prison days. The number of convicted persons who will serve their sentences in treatment or care institutions is expected to continue increasing in 2009.

### **Measures for persons with mental health problems**

Studies have shown that there is a link between mental health problems and a low income. A mental health disorder may be a direct or contributing cause of poverty, because such a person may have problems with education, labour market participation and social skills.

#### *Maximum waiting time guarantee for children and youth under the age of 23 suffering from mental health problems or substance addiction*

On 1 September 2008, a maximum waiting time guarantee for children and youth under the age of 23 with mental health problems or substance addiction was introduced. The maximum guaranteed waiting time is 10 working days until a specialist has assessed whether the patient has a right to medical help. If such a right is established, the maximum waiting time until the start of treatment is 65 working days.

#### *Escalation plan for mental health*

During the 10 years of its existence, the escalation plan for mental health has resulted in a gradual increase in the emphasis on mental health by municipal services and in prevention efforts, particularly those directed at children and youth. Municipalities will maintain an emphasis on low-threshold measures after the termination of the plan at the end of 2008.

#### *National Strategy for Workforce Participation and Mental Health 2007–2012*

In order to enable persons with mental health problems to make more use of their work capacity, the Ministry of Labour and Social Inclusion and the Ministry of Health and Care Services have drawn up a national strategy for workforce participation and mental health. The strategy has been followed up by an action plan containing specific measures.<sup>17</sup>

### **Measures to ensure financial security**

Subsistence benefits under the national insurance scheme provide general, rights-based security against loss of income in various situations. The national insurance scheme helps to reduce disparities in income and living conditions during the individual's life course and between different population

groups, and helps to prevent poverty in the population in general.

In the social security settlement of 2008, the parties agreed to raise the minimum pension for single persons, which is estimated to increase expenditure in 2009 by almost NOK 1.5 billion. The minimum pension provides security for persons with little or no entitlement in the points rating system under the national insurance scheme. The guaranteed supplementary pension for young people on disability pensions was also increased, which is estimated to result in an additional expenditure of about NOK 270 million. In a proposition to the Odelsting (2007–2008), the Government proposed increasing the minimum habilitation and rehabilitation allowances, the time-limited disability benefit and the transitional benefit for single parents. The last-mentioned is estimated to increase expenditure by about NOK 610 million.

### **Strengthening the financial safety net**

Social assistance is intended to ensure a decent livelihood for persons who are unable to support themselves through work, national insurance benefits or in some other way, and form a financial safety net in the welfare system. Receipt of extensive long-term social assistance is often linked with having a persistently low income.

#### *Increase in the rate level for social assistance in the government guidelines*

Some individuals have to depend for their livelihood on social assistance for a shorter or longer period. In order to improve their financial situation and living conditions, the Government raised the rate level for social assistance set out in the government guidelines by 5% above the normal price rise as from 1 January 2007. The Government proposes to raise the rate level for social assistance by a further 5% above the normal price rise as from 1 January 2009. This will be included in the increase in the unrestricted municipal revenues, NOK 160 million of which is being allocated to compensate for the higher rates.



### *Review of the government guidelines*

In a letter of 14 August 2007 to the Parliamentary Ombudsman for the Public Administration, the Ministry of Labour and Social Inclusion stated that it would review the government guidelines for the calculation of the subsistence allowance under the Social Services Act, which had been set out in a circular to the municipalities in 2001. The Ministry has supplemented reporting and research data with data from recent surveys by Statistics Norway and the Telemark Research Institute. The research reports describe the relation between the rates recommended in the guidelines and the municipal rates for social assistance, and the relation between the rates and the actual incomes of long-term recipients of social assistance. One of the main findings was that there are only small differences between municipalities in the average social assistance disbursements, and that the variations are not related to the rate levels reported by the municipalities to Statistics Norway.

The studies also documented that most municipalities have rates similar to those recommended in the government guidelines. In 2007, 73% of municipalities followed the rates recommended in the government guidelines for single persons, while 13% had higher rates and 15% had lower rates. The municipalities with low rates deviated little from the recommended rates. However, there is a tendency for municipalities to include a larger number of items in their social assistance rates than the government rates are intended to cover.

The Ministry will consider to what extent the results of these reports indicate that adjustments should be made in the existing rules to reduce arbitrary differences within and between municipalities.

### *Extension of supervisory authority*

The Government will strengthen the legal rights of the users of social services and is preparing a bill that proposes to extend the county governors' supervisory authority over the municipal social services to cover the administration of social assistance, the qualification programme and the qualification benefit. The Government plans to present the bill to the Storting in spring 2009, so that it can enter into force in mid-2009.

## **Measures for persons with financial and debt problems**

### *Financial and debt counselling*

Financial and debt problems often result in a difficult life situation. All municipalities should have an adequate counselling service for persons with financial problems, and the Labour and Welfare Administration is heading a national working group that is following up the efforts in this area. The aim is to raise awareness and share information on financial counselling, ensure a high standard of financial and debt counselling in the social services and other municipal agencies, and improve statistics and reporting.

A website has been set up for questions about financial and debt problems for the use of municipalities and labour and welfare offices, a nation-wide tripartite educational programme has been developed on personal finances and debt for municipal and labour and welfare employees, indicators of

financial counselling have been developed and included in the Municipality–State–Reporting system (KOSTRA) and proposals have been presented for nation-wide procedures for voluntary public administration of an individual's personal finances. Grants have also been given to a number of intermunicipal projects and to individual municipalities.

### *Amendments to the Debt Settlement Act*

In 2008 the Ministry of Children and Equality held a public consultation round on amendments to the Debt Settlement Act that would benefit disadvantaged groups in particular. The amendments will make it easier to extend the application of the Act to cover the target group and easier for such individuals to complete the debt settlement process. For example, it is proposed to relax the requirement that everyone who applies for debt settlement must first have tried on their own to enter into a voluntary arrangement with their creditors. The proposal also means that the courts will have more opportunities to decide on short repayment periods for applicants with particularly poor finances owing to illness, age, etc. This will allow such individuals to solve their problems and return to a normal financial situation more rapidly. A less stringent application of the requirements in the Act is also proposed that would make it easier for convicted persons in rehabilitation to be granted debt settlement.

### *Reduced fees for enforcement proceedings*

State fees for enforcement proceedings were reduced in the government budget for 2007. The revenues from such fees declined by a total of NOK 230 million compared with 2006. The fee reductions were a direct result of the Government's policy platform, in which it stated that it would seek to shield individuals with debt problems from high fees, forced recovery and execution proceedings.

## **Measures in areas with particularly difficult living conditions**

In June 2007 the Government presented a white paper on the many opportunities and challenges in the Oslo region, which dealt specifically with issues related to unequal living conditions and poverty in this region. The Government has initiated a number of measures against poverty and poor living conditions, primarily by giving municipalities more funding to enable them to perform their tasks. Other measures are specifically targeted at low-income groups. The white paper also points to the large geographical inequalities in living conditions in Oslo and notes that some areas in the region face greater challenges than others. The Government has initiated a major effort in the Oslo areas of Groruddalen and Søndre Nordstrand in order to improve the environment, living conditions and integration.<sup>18</sup>

## **Other measures**

### *Greater support for low-threshold legal aid*

Grants to work on legal aid and specific legal aid measures are given to undertakings that provide legal aid for individuals who cannot afford, or for some reason do not wish, to seek the advice of a lawyer in the ordinary way, and to certain organisations that work with the legal rights of vulnerable groups.

In the government budget for 2007, the allocation to the low-threshold services and legal rights work for vulnerable groups was increased by NOK 4.34 million, and by a further NOK 4 million in 2008. This has resulted in a substantial increase in the allocations to legal aid provided by students, to the system of lawyers available to crisis centres and to the free legal aid service in several municipalities. The grant to the Street Lawyer project has also been substantially increased. This project provides legal aid to drug abusers and conducts outreach activity.

The right to a free consultation with a lawyer for establishing whether there are grounds for making a formal complaint in cases of rape and human trafficking was introduced in 2007. As from 1 July 2008, the right to such free consultations was made statutory in the Act relating to legal aid, and applies to the aggrieved party in a number of different types of cases, including most sexual crimes, domestic violence, forced marriage, human trafficking and genital mutilation.

#### *Raising the income and assets ceiling for free legal aid*

In its political platform, the Government stated that it would raise the income ceiling for free legal aid. In some types of cases, the right to receive legal aid paid for by the state under the Act relating to legal aid is reserved for persons whose income and assets are below the ceiling set out in the regulations concerning free legal aid. In order to ensure that an even larger number of persons have access to legal aid in such cases, the Government proposes in the 2009 government budget that the income ceiling for free legal aid should be raised from NOK 230 000 to NOK 246 000 for single persons and from NOK 345 000 to NOK 369 000 for married couples and others who live together and have joint personal finances. The proposal will ensure that more people are included in the legal aid scheme. The allocation to free legal aid in the government budget will therefore be increased by NOK 36.3 million.

#### *Greater participation in organisations and cultural life among underrepresented groups*

It has been shown that participation in organisations and cultural life varies between the different population groups and

that the variations are linked with income level and educational attainment. The Government proposes a new allocation of NOK 4 million in the 2009 government budget for measures to reduce poverty and promote inclusion. The aim is to encourage greater participation in local organisations and cultural life among groups that are currently underrepresented.

#### *Strengthening of research on participation in voluntary organisations*

Through the research programme «Virtual centre for research on civil society and the voluntary sector», the Ministry of Culture and Church Affairs intends to strengthen research on participation in voluntary organisations among groups that are currently underrepresented. The research programme started up in 2008.

#### *Grant increases to voluntary centres*

The voluntary centres are primarily an arena for people who wish to volunteer their services, and unlike the public sector these centres do not offer fixed services. Thus the centres' activities depend on the interest and commitment of individuals. However, the public authorities can provide favourable conditions for volunteers, so that their enthusiasm can be used in ways that benefit the individual and society. In the 2007 government budget, the Government proposed an increase of NOK 7.5 million to voluntary centres as part of the Cultural Initiative. The allocation was continued in 2008, and amounted to just under NOK 82 million. The 2009 government budget contains a proposal to increase the allocation by NOK 8.6 million, which is to be used for 25 new voluntary centres and for increasing the grant level for existing centres.

#### *Action plan to improve living conditions for the Roma people in Oslo*

The Norwegian Roma community has a number of problems related to living conditions. The community comprises 400 to 500 persons, most of whom live in Oslo. In cooperation with Oslo municipality and in a dialogue with the community, the Government will develop an action plan to improve living conditions for this community.

# Poverty indicators



Since poverty is a complex problem with a number of different dimensions at both the individual and the social level, there is little point in using a single definition or indicator. The Government's policy is based on a broad interpretation of poverty, and conditions in this area are followed by means of a broad set of indicators.

Indicators are used to show whether progress is being made towards a desired goal. They show a piece of reality but they do not provide a clear-cut picture of the outcomes of the measures being implemented. Many factors play a role in the trends shown by the indicators, for example general economic developments and conditions in the labour market.

In this section of the action plan, the following indicators are presented: income inequalities, persistently low income, labour force participation, unemployment, and numbers of recipients of social assistance. Trends shown by other indicators, for example the number of homeless and the number of housing evictions, are described here along with the relevant measures. Reference is made to the annual reports by Statistics Norway on the finances and living conditions of various population groups.

The Ministry is making efforts to improve the indicators and to develop new ones that can provide a broader picture of the situation and the development of the various aspects of poverty and social exclusion. A number of projects have been started on ways of achieving a broader and more targeted approach to poverty issues. Different indicators are being considered in relation to each other, for example income, wealth, debt burden and housing conditions. One study was based on figures indicating that income level is not necessarily correlated with living conditions. Other studies are examining the question of whether poverty and financial marginalisation are passed on to the next generation. Several studies performed by for example the Fafo Institute indicate that the children of recipients of social assistance have a much higher risk of becoming recipients of such benefits themselves.

## Income distribution

Like the other Nordic countries, Norway has both a relatively small proportion of the population with a very low income and a fairly narrow income dispersion. As in most countries, the greatest dispersion is found for self-employed people and capital income. Income disparities have increased in Norway since 1990, but are still low in an international context. The increasing disparities during the 1990s were mainly due to the fact that those with the highest incomes experienced substantial increases in the form of higher capital income. Another reason was that wage disparities have widened somewhat since the mid-1990s.

One of the most widely used measures of trends in income distribution, the Gini coefficient, shows that disparities increased during the period 1990–2006, see figure 1.



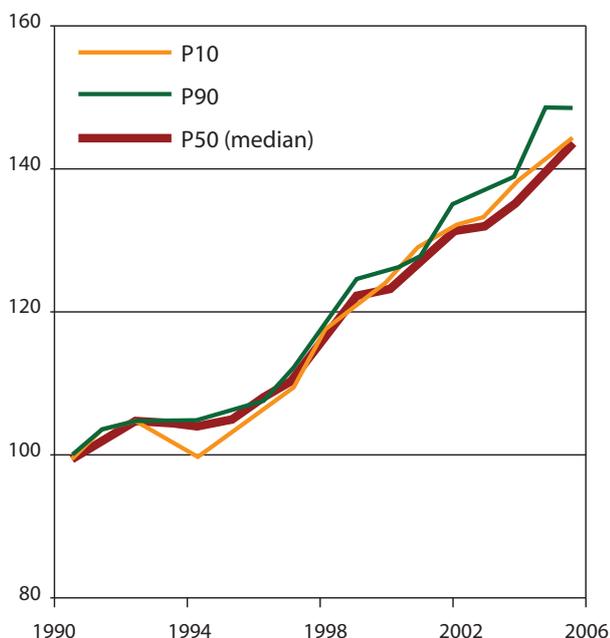
**Figure 1.** Trend in income disparities (Gini coefficient). Net income after tax per consumption unit (negative amounts are set at zero) (EU scale). 1990–2006. Source: Statistics Norway, Income Distribution Survey.

The widening disparities in the period 2002–2005 were partly due to adjustments to the tax reform of 2006. In 2006 a tax was introduced on dividends in excess of normal returns. Many limited companies therefore paid out large dividends to their shareholders in the years prior to the reform, especially in 2005. In 2006 the payment of dividends was considerably reduced.<sup>19</sup>

Gini coefficient is calculated on the basis of a Lorenz curve, on which all individuals or households are plotted according to income. The Gini coefficient is 0 when everyone has the same income (this is shown in the Lorenz curve if the upper 10% of individuals/households earns 10% of the total income, the upper 20% earns 20% of the total income, and so on). The Gini coefficient is 1 when the entire income for the whole country is earned by a single individual/household.

Another method of determining income dispersion is to divide the population into income classes of equal size, for example deciles. The income that divides the part of the population with the 10% lowest incomes is referred to as P10, and the income that divides the 10% with the highest incomes is referred to as P90. The income that divides the population into two equal parts is called P50, or the median.

Figure 2 shows that the income levels at these three points have developed more or less in pace with each other since 1990, with a somewhat stronger growth in the uppermost decile in recent years. The fact that this method does not indicate the same increase in inequality as the Gini coefficient is because those who receive most of the capital income (including dividends) are found in the above-P90 group.



**Figure 2.** After-tax income per consumption unit (EU scale), by deciles. 1990 equals 100. Source: Statistics Norway.

## Persistently low income

There may be several reasons why individuals or households have a low income in a particular year. Low income over a particular period may be the result of a preplanned action, for example in connection with education or leave. Others may have a low income because they have suffered losses on the sale of shares or business losses that are deducted from income. Others again may have a low income but may still have considerable resources in the form of for example financial assets, without this appearing in the income statistics. Thus it is low income for a particularly prolonged period, or persistently low income, that is an indicator of poverty.

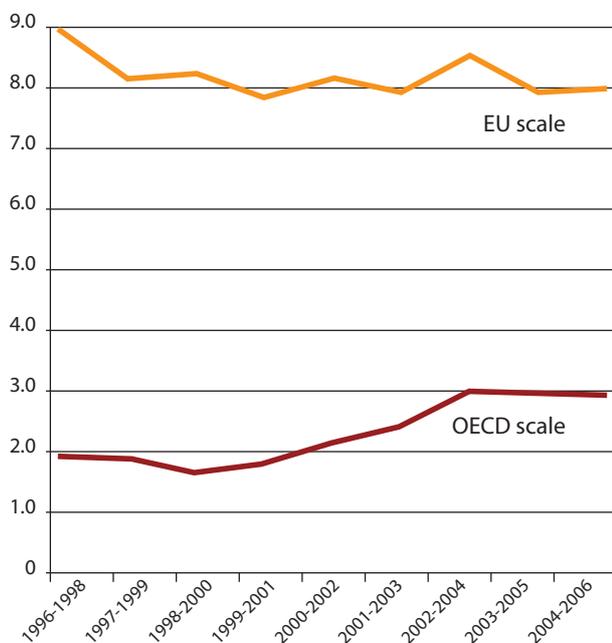
Persistently low income is defined here as the average income over a three-year period below 50% or 60% of the median income respectively.

The median income is the middle income on a distribution scale indicating size of income. Thus the median income is the income that divides the population into two equal parts, one of which has an income below and one an income above the median.

The OECD and EU equivalence scales. Households are of different kinds and sizes, and in order to compare their standards of living, their incomes are adjusted by means of an equivalence scale. Such a scale expresses the size of the income that a household of for example four people needs in order to have the same standard of living as a single person. The OECD scale gives less weight to the economies of scale of larger households, which are due to the fact that several people share the same expenses, than the EU scale (which is a modified version of the OECD scale).

In the period 2004–2006, 2.9% of the population had an after-tax income lower than 50% of the median income according to the OECD scale. This corresponded to about 127 000 persons. 7.9% had an after-tax income lower than 60% of the median income according to the EU scale. This corresponded to about 340 000 persons.





**Figure 3.** Trends in persistently low income, excluding students living on their own, as a percentage of the population. *Source: Statistics Norway.*

Figure 3 shows the trends in the number of people with a persistently low income in recent years as defined according to each of the different methods of measurement. Both definitions of persistently low income show that the proportion of people with a persistently low income rose slightly up to the period 2002–2004, after which it either remained stable or declined. The trend largely follows the economic trend; thus the proportion of people with a persistently low income tends to rise during an economic downturn and decline during economic expansion. One of the main reasons for this is probably that an increased demand for labour and a lower unemployment rate will also raise the employment rate among those at the lower end of the income distribution scale.

#### *Composition of the group with a persistently low income in the period 2004–2006*

When persistently low income was measured using the figure 50% of the median income (OECD scale), households with children accounted for 58% of the group as a whole. In comparison, these households accounted for 48% of the total population and were thus somewhat overrepresented in the low-income group. Among families with children, the proportion with a persistently low income was greatest among couples with children under the age of six.<sup>20</sup> The proportion of families with persistently low income increases steeply with the number of children.

Single persons under the age of 45 are also overrepresented in the low-income group according to this definition of poverty, even when students living alone are excluded. This group accounted for 14% of low-income households during the period, but 6% of the population as a whole.

When 60% of the median income (EU scale) is applied, the group of single persons aged 65 or older is overrepresented in the low-income group, where they account for 25%. Many of these are single persons on minimum pensions. However, the proportion of persons on old-age pensions with a persistently low income has declined from 28% in the period 1997–1999 to 18% in the period 2004–2006.

According to this definition, families with children accounted for 35% of the low-income group and are underrepresented in comparison with their share of the total population. The reason for this is that the EU scale is based to a larger extent on the benefits of economies of scale to larger households.

The difference between women and men in the low-income group was generally small. However, women with low incomes accounted for a slightly higher proportion of the low-income group according to the EU scale than when the OECD scale was used. This is because the majority of persons on a minimum pension are women.

#### *Persistently low income in relation to labour market attachment*

For those of working age, there is a close relationship between being outside working life for a number of years and having a persistently low income. Among persons of working age belonging to a household where no member was employed, 17% (50% of the median income, OECD scale) and 33% (60% of the median income, EU scale) had a persistently low income during the period 2004–2006.<sup>21</sup> The corresponding figures for all persons of working age were 3% and 6% respectively.

Persons with sporadic labour market attachment were also more likely to have a persistently low income. The probability of having a persistently low income only seems to decline sharply when a member of the household has a stable attachment to working life over a period of time.

#### *Persistently low income in relation to financial assets*

Table 1 shows that a relatively large proportion of those with a persistently low income have some financial assets. Some of them also possess capital in the form of for example ownership of their home. Thus some of those registered as having a persistently low income may be in a better financial position than their income over the relevant three-year period would indicate.

Financial assets (in NOK)	OECD, 50%	EU, 60%
< 50 000	62.8	51.3
100 000 -149 999	10.4	11.2
150 000 - 199 999	5.4	6.9
200 000 -	17.6	25.6
Total	100	100

**Table 1.** Proportion of persons with a persistently low income (excluding students) by different intervals for households' gross financial assets (2006), according to the two different definitions, in the period 2004–2006. *Source: Statistics Norway.*

#### *Persistently low income and immigrants*

Immigrants are strongly overrepresented in the persistently low-income group compared with the total population. This applies especially to non-western immigrants, but the proportion of immigrants from western countries in the low-income group is also higher than that of ethnic Norwegians. This is partly due to the fact that unemployment rate is considerably higher among non-western immigrants than in the total population. However, there are great variations between

immigrants. The prevalence of persistently low income varies for example with country of origin and length of residence in Norway.

The proportion of immigrants with persistently low income increased somewhat from the end of the 1990s up to the three-year period 2003–2005. The most recent figures for the period 2004–2006 show a decline in the proportion of immigrants with persistently low income, which was greatest for non-western immigrants. Measured according to the OECD scale, in terms of 50% of the median income, the proportion of non-western immigrants with persistently low income dropped from 24% to 20%, and with the EU scale, 60% of the median income, the corresponding figures were 35% and 32%. The reduction is partly due to the higher employment rate in this group.

#### *Children in households with persistently low income*

In the period 2004–2006, slightly more than one out of four children under the age of 18 with a non-western immigrant background lived in a household with a persistently low income according to the OECD scale, 50% of the median income. This amounted to 19 000 children. Measured by the EU scale, 60% of the median income, about 37%, or 25 000, children with a non-western background lived in a low-income household. In comparison, 4.4% and 7% respectively of all children lived in a household with a persistently low income during the same period. This means that children with non-western backgrounds account for about 40% of all children in households with a persistently low income according to both definitions.

The proportion of children in households with a persistently low income increased somewhat from the period 2000–2002 to the period 2003–2005. Due to reclassification of the statistical data there are no comparable figures for the period 2004–2006.

There are considerable variations between children in the persistently low-income group living in households with non-western backgrounds, which to some extent reflect the parents' country of origin. While a relatively small proportion of children with a background in Sri Lanka, the Philippines and India are found in the low-income group, the proportion of children with a background in Iraq, Pakistan, Turkey and Somalia is very high. One of the main reasons for such differences between children of immigrant parents is that the various immigrant groups have different degrees of labour force participation. Experience has also shown that newly-arrived refugees have greater difficulty in entering the labour market than immigrants with a long period of residence in Norway. Differences in the average number of children in the different groups also appears to influence the figures; for example the prevalence of persistently low income generally rises considerably with the number of children in the family.

#### **Labour force participation, unemployment, etc.**

For persons of working age, weak or lacking labour market attachment is strongly correlated with persistently low income.

In the first half of 2008, 74% of the population of working age were in the labour force. This is the highest proportion of labour force participation ever measured in Norway. In recent years one of the main reasons for this has been the particularly high labour force participation among women and older persons.

At the end of August 2008, about 44 400 persons were registered as unemployed with the Labour and Welfare Administration or about 40 200 after correction for normal seasonal variations. This accounted for 1.6% of the labour force. In comparison, in October 2005 about 81 300 persons were unemployed after correction for normal seasonal variations. This means that the number of registered unemployed job-seekers was more than halved during this period. The reduction in unemployment figures applied to both men and women in all age groups in 2007. There has also been a marked reduction in unemployment among target groups for labour market measures such as long-term unemployed, youth and immigrants. This is partly due to developments in the labour market and to the greater efforts directed at these groups.

At the end of the first half of 2008, there were 100 000 recipients of vocational rehabilitation and rehabilitation benefits, 6 500 fewer than for the same period in 2007. The high demand for labour in recent years has resulted in a decrease of 13 000 in the number of persons receiving rehabilitation benefits since the end of 2005. In 2007, 46% of those completing vocational rehabilitation programmes had found jobs three months later.

#### **Social assistance**

Extensive, long-term use of social assistance is associated with persistently low income. Receipt of social assistance indicates financial vulnerability and thus carries a risk of poverty.

According to figures from Statistics Norway, 109 608 persons received social assistance in 2007, 10% fewer than in 2006. This was partly due to the high demand for labour and the low unemployment rate.

The number of new recipients of social assistance is declining. About 30% of recipients in 2007 had not received support the previous year. Just under 42% had received social assistance during at least 6 out of 12 months in 2007. The average period of time for receipt of social assistance in 2007 was 5.3 months, and this figure has remained stable over the last few years.

About 44% of recipients of social assistance had this as their main source of income in 2007, somewhat fewer than in the previous year. A large number of recipients of social assistance also receive benefits from the National Insurance Scheme. About 34% had such benefits as their main source of income in 2007, the same figure as in the previous year. A number of persons receive social assistance while waiting for their applications for national insurance benefits to be processed. About 25 800 persons had social assistance as their main source of income for at least six out of 12 months in 2007.

## Notes

- 1 See section Poverty indicators, for definition of the term «persistently low income».
- 2 See Budget Proposition (2008-2009) for the Ministry of Education and Research.
- 3 See Budget Proposition (2008-2009) for the Ministry of Labour and Social Inclusion.
- 4 These places are located in seven geographical areas: Østfold (Moss, Sarpsborg and Fredrikstad), Akershus (Rælingen, Skedsmo and Lørenskog), Arendal, Kristiansand, Bergen, Trondheim and Bodø.
- 5 Of these, 112 persons in the target group for the present action plan were prisoners.
- 6 In this evaluation it was only possible to follow up the participants for a relatively short period, in 2003 and 2004. The evaluator pointed out that it is too early to draw any final conclusions concerning the degree of success. The Ministry of Labour and Social Inclusion has commissioned a new evaluation with a longer follow-up period. The final report from this evaluation is due to be submitted by the end of June 2009.
- 7 Proposition No. 40 (2007-2008) to the Odelsting relating to a draft act concerning amendments to the Education Act.
- 8 Bergen, Bodø, Lillehammer, Oslo, Sør-Trøndelag, Telemark and Østfold University Colleges and the University of Agder.
- 9 Alta, Hammerfest, Andøy, Fauske, Hadsel, Narvik, Sortland, Vestvågøy, Vågan, Balsfjord, Lenvik, Bjugn, Inderøy, Surnadal, Gloppen, Strand, Sund, Askim, Eidsberg, Eidskog, Grue, Kongsvinger, Ringsaker, Gran, Vestby, Birkenes, Nedre Eiker, Nome and Re.
- 10 Oslo, Bergen, Trondheim, Stavanger, Kristiansand, Tromsø, Drammen, Skien, Fredrikstad, Sandnes, Sarpsborg, Bodø, Sandefjord, Ålesund, Larvik, Arendal, Tønsberg, Porsgrunn, Haugesund, Moss, Gjøvik, Halden and Hamar municipalities.
- 11 See the budget proposition (2008-2009) for the Ministry of Local Government and Regional Development.
- 12 For other measures for competence development in the area of social housing, see the budget proposition (2008-2009) for the Ministry of Local Government and Regional Development.
- 13 Chapter 581, item 75, Housing grant for first homes, adaptation measures and rented accommodation, budget proposition (2008-2009) for the Ministry of Local Government and Regional Development.
- 14 Oslo, Bergen, Trondheim, Stavanger, Fjell, Haugesund, Melhus, Orkdal and Sandnes.
- 15 Levekår blant innsatte [Living conditions among prison inmates] (Fafo 2004)
- 16 Levekår blant innsatte [Living conditions among prison inmates] (Fafo 2004)
- 17 See the budget proposition (2008-2009) for the Ministry of Health and Social Affairs.
- 18 In a white paper (Report No. 31 (2006-2007) to the Storting).
- 19 This effect is partly due to the fact that already existing capital income has become more visible in the income statistics since the tax reform of 1992.
- 20 Couples with children aged 0–6 years (29%), couples with children aged 7–17 years (16%) and single parents (13%).
- 21 The corresponding figures for 2003–2005 were 13% and 30% respectively.



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