

Poverty Watch 2020  
EAPN Iceland

## Introduction

This report is an extract of the interim report of the Icelandic EAPN Poverty Watch for 2020. The reason why this is an interim report is simply because the work has proven to be a can of worms and we would like to complete it, but need added time to gather more testimonies from people experiencing poverty as well as corresponding explanations from service providers and policy makers.

The outbreak of the Covid-19 virus has revealed a lot of issues that various NGOs and activists have been trying to point out for years, even decades. It has also brought on new challenges as well as opportunities to push for change and find permanent solutions for long time problems that have been brushed off the table for too long.

The report will be based on interviews with people experiencing poverty and the focus will be on access to different services and opportunities that often are referred to as “open to all”. The aim is to find out what obstacles there are in the system that prevent active inclusion and what kind of help or structural/policy changes are needed to meet the needs of different groups. This is not a finalized list of needs, but rather starting recommendations for a fairer society.

There have been numerous recommendations put forward in the past few years, from the Icelandic Welfare Watch and independent researchers in the field of social sciences. Many of those have included the voices and experiences of people experiencing poverty to some extent. This report is an addition to those reports, and its aim is to shine a light on how people experience the systems that are made to secure their welfare and their access to those systems.

Key questions:

“Are all public services and systems available and accessible to you, and how are they functioning in reality?”

“How easily can you access information about different resources and how good is the service and information you receive from different service providers and benefit offices.”

People experiencing poverty will in this report be referred to as experience experts. This term captures the importance of their input as specialists and rightfully gives them the credit they deserve for giving us their expert opinions. Their input tells us how the system is really working and functioning in reality, which is our most valuable knowledge when it comes to shaping services for people. It goes without saying that services for people that do not function to serve the people are useless. Therefore, these expert opinions should be central when it comes to policy making and shaping services.

---

## **Social benefits and welfare in Iceland**

The Icelandic system of social benefits is a myriad of different systems that don't always work together, but when they do, it seems to rather work to benefit the system itself, but not the claimant. This results in groups of people falling through gaps in the system (those who fall short of qualifying in all systems) or in overlapping rights that are interdependently affected, leaving the claimant in a poverty trap.

It's important to note that Iceland has a very strong culture of "working pride" and it has been regarded as "shameful" to not work. Not being "in work" is also very socially excluding as it takes away everyday social interactions with people, and possibilities of making new social connections. Negative connotations and stereotyping have historically been tied to claiming of benefits, so there is a level of shame attached to applying for assistance. This is an obstacle and makes the steps to seeking help heavier than they need to be.

In addition, labor unions are extremely strong in Iceland and they offer their members rights-based assistance with all kinds of health care costs, education and leisure that people who do not work have no access to. People who have not been able to work are missing out on this type of assistance and are therefore relying on their local social services to bridge that gap. Policies to really do so are greatly lacking.

## **Focus on access**

This report will focus on access to services, as this tends to be the main obstacle for people experiencing poverty and social exclusion. This is in our opinion an under documented topic in the discussion on social welfare and has resulted in groups of people not being able to access vital services because of both hidden and visible costs in the system.

It is quite obvious that if you do not have enough income to pay for rent, food, utilities and such basic household needs, you cannot fork out extras such as going to the doctor's, seeing a specialist, buying a pair of glasses or going to the

---

dentist. If you are a low-income household, your resources to pay for childcare, school lunches and after-school activities are scarcer than an average income household (yet, the charges are the same). It is also apparent that if you are a low income household you have far less chance of accessing higher education and your efforts in doing so are less likely to be rewarded. It is also more costly to be poor as the options available to you are less economical. Your bills pile up because you cannot pay them and costs are added to them the longer you leave them, even if it's because you simply cannot pay.

We will discuss this in further detail with inputs from our experience experts, who know best how policies, regulations and political decisions work in reality. We are looking beyond the numbers and statistics and reporting straight from the people affected by public policies and official directives.

### **Iceland and Covid-19**

The initial response to the outbreak of the virus in Iceland was good and benefiting from a small population, the spread of the virus was quite quickly under control. Measures were immediately made in all public facilities and services to minimize risk of infection. An information website in several languages was established with updated information on the virus as well as all the latest announcements and statistics. The government also put together an information team responsible for giving daily information via open press meetings aired live on all TV and internet news channels. Measures were taken in nursing homes, hospitals and other types of live-in facilities with sick, elderly and disabled habitants, restricting visitations and minimizing contact with outsiders.

The most affected groups, according to members of EAPN Iceland, are single parents, people with disabilities and underlying diseases (vulnerable to Covid-19 infections), immigrants, elderly people, homeless people and those dealing with mental health issues and/or addiction. Mostly the problems were; Social isolation, anxiety, financial uncertainty, lack of information (due to language barriers), lack of access to services (facilities were closed or services restricted) and risk of infection.

---

Many people got stuck in their homes, having to spend more amounts of money than usual on necessities through home deliveries. For those already living in poverty this hit at the worst possible time (mid-month, when money is either gone or getting very tight). Many were not prepared for large spending on hand sanitizers, masks and rubber gloves, nor for having to order groceries to their door from shops with higher prices than they could normally afford.

People with weak social connections and lacking in family support were especially vulnerable, especially if they were also single parents with small or multiple children and if themselves or their children had disabilities or underlying conditions. Organizations received many calls for help from people who simply were stranded at home with no or very little money and simply did not know what to do. This has been a time to really “think outside the box” in order to reach people with assistance and organizations tried their best to do so.

Most of the food banks and help organizations relying on volunteers had to close their doors after news of the outbreak as many of the volunteers belonged to groups vulnerable to infections. The Church Aid was the only fully functioning help center that never closed, so there was a sharp increase in demand for their services.

## **Housing**

Like everywhere, homelessness became a special issue when the measures to prevent the spread of Covid-19 were enforced in Iceland, and people were strictly instructed to “stay home”. Efforts were made everywhere to put up emergency housing for those in desperate need, specifically those dealing with long term homelessness due to addiction/mental health issues, and those registered with “no address” and living in mobile homes, tents and cars. This resulted in temporary solutions. Now those who were offered such solutions fear for times to come as temporary agreements are coming to an end.

A group of homeless women struggling with addiction made a press release stating their concerns when a temporary housing project was due to close.

---

Reykjavík city prolonged the agreement as a result. Organizations working with these groups stress the urgency to find functioning permanent solutions.

The struggles of people renting on the free market is mostly the issue of housing insecurity (short leases) and high rents. The free market is unstable and unpredictable and vulnerable to societal changes. There is no real system that enables low-income households to buy a home, but there was such a system in place before, that unfortunately has been abolished. Social housing is quite rare, but there are a few thousand apartments throughout the country, managed and leased by local governments. Reykjavík has the largest number of such housing, but the official policy is that 5% of all rented housing in Reykjavík is in the system of social housing.

Most of our experts rent, some from local governments, others on the free market. Those who own their homes referred to themselves as “lucky” to have had family members help them with down payments so they would qualify for a mortgage. All the others expressed their dreams of one day owning their own home, the main reasons being having something to leave behind for their children, and to have control over where they lived and how they wanted their house to be (to decorate and make changes to their home etc.). They wanted something to “make their own”.

One of our experts is living in a mobile home (a trailer). She lived in a modified van with sleeping facilities last winter and had the experience of the heater breaking down one night. After the experience, she managed to find an affordable trailer and got a bank loan to pay for it. She makes monthly payments on the loan, pays rent for parking of the trailer plus access to facilities (electric, water, etc.) and also rents a small storage for other belongings. This comes up cheaper than renting a small apartment and as she states: “At least, this is mine, and I don’t need to depend on somebody else for a place to sleep. I have been on the rent market all my life and paid millions of ISK to other people and have nothing to show for it. I’m finally independent.”

The system of housing benefit was recently changed, but it remains quite confusing to users, who find it difficult to understand and rely on. Also, because the housing benefit is in two different sections, one coming from the national

---

government and then an added supplement payment coming through local governments (if they have such a system in place, and if the claimant is eligible) and applied for through local social services.

One interviewee expressed having to supply a doctors' note to prove clinical depression to get that special supplement payment approved. She said: "It makes no sense! As if just being poor and struggling, working and raising children isn't enough to qualify for extra money to pay your rent! I was furious that they would even suggest I had to do that." She also said that if she wasn't getting full support, and renting a social home, she would not be able to live in the capital. "The rent on the free market is just too high. Even with full support I wouldn't be able to afford it."

### **Access to health services**

There is a popular belief that Iceland has free health services but this is not accurate at all. Children under 18 get the most basic services for free or largely supplemented, and so do those claiming disability allowance and pensions. Maternal care is also mostly free of charge as well as childbirth and basic aftercare for mother and baby.

There is a charge, smaller or larger, for nearly everything regarding health care. To see a GP costs around 10 €, having a blood-test done is around 25 €, having an X-ray costs over 100 € and seeing a specialist (gynecologists for example) has a similar price tag. A trip to the emergency room will set you back at least 45 € and if you need an ambulance, there is a charge of another 45 €, payable to the Red Cross, who are the provider of all ambulance services.

Mental health services are not easily available to people on low income, although steps have been taken towards making them more accessible. Seeing a psychologist is extremely costly (over or around 100 € per appointment) and psychiatrists are too few and currently there is a shortage (according to interviewees). There is an operating open clinic for those needing immediate attention (the open psychiatric ward at Landspítalinn), but even there, there is a

---

fee for appointments (the fee to see a psychiatrist is around 30 € for a 20 min appointment, the open clinic charges a little less).

One of our experts pointed out that coming into the open mental-health clinic, there was a huge sign by the reception reminding patients to pay, and a list of fees applying to different groups. He imagined this being deterring in some cases as people who have finally come to look for help are reminded that they may not be able to pay for the appointment. “It’s enough effort for many just to take the step to seek assistance. But to be reminded that you are also poor and cannot pay for the appointment may make you change your mind” he said, adding that he didn’t always need to pay. “But the sign is there, and it may be frightening to some, especially those with high-anxiety.”

Dentistry is not commonly considered a part of the system of healthcare in Iceland and this attitude is quite apparent when interviewing people about their access to healthcare. All of our interviewees had to be specifically reminded about dentistry, and all of them said they would not see a dentist unless in great pain, and if they were forced to, would only have the minimum amount of work done, or just to eliminate the pain. Dentists operate independently so there is no official list of prices (apart from a dated one used by The Icelandic national health coverage that is in no coordination with actual cost of treatments) and as they are “providing health services” they are not allowed to advertise. It’s therefore very difficult for people to “shop around” when it comes to dentists, despite getting very limited health coverage towards the service.

One of the positive changes put in place after the crash of 2009 (and as recommended by the Icelandic Welfare Watch), children are now fully covered when it comes to basic dental treatments. However, major treatments, such as getting braces, are only partly covered and extremely costly.

People dealing with drug addiction are possibly among the most vulnerable groups in society and the death toll of drug addiction is under-documented. There is a huge stigma attached to a loved one dying from drug use so those deaths often get passed off for something else. This stigma is covering up the real societal threats from drug use, and especially of younger people developing serious habits.

---

The drug rehabilitation services are nearly all in the hands of NGOs and only a very small percentage is within the health care system (specialized treatment for young people under 18 and for those dealing with multiple mental disorders along with addiction). The waiting lists for rehabilitation are very long and the wait can take months, which is a long time for people taking dire health risks every day.

There are also charges in this system. A 10-day detox by SÁÁ is free of charge and funded by the government. An after treatment costs about 450 € per month, payable in advance. This can be an obstacle for those who do not have financial backing or families supporting them.

## **Education**

It is widely believed that education is free in Iceland but this is not entirely true. Although the education itself may be free, the school system, on all levels of education, is laced with hidden costs that can serve as huge obstacles for low income households. These costs can either exclude people socially within the school community or exclude them from entering the school altogether so those are serious issues.

Apart from these hidden costs within the education system, there is no official right to income support during education programs. Local authorities have sometimes supported young people with financial aid while getting a college degree (a 3-year program called “stúdentsspróf”, normally taken from age 16-19, right after compulsory “grunnskóli”) but this is often highly conditional and not available to all. Adults who have not completed this level of education are likely to be stuck in low-paying jobs with little chance of changing their circumstance as they do not have access to higher education.

Education at university-level is supposed to be covered by the Student loan fund so no other means of support is offered to people seeking this level of education. However, loans are only readily available to those with good bank credit and those with bad credit or debt problems need a guarantor for their loan. This is an obstacle for those with a poor social standing who do not have people willing

---

and/or able to guarantee their loans, or are hesitant to ask people to do so. It is not allowed to be registered for full time studies at university level while claiming unemployment benefit (the allowance is a maximum of 10 ECTS) or income support/financial aid from municipalities.

Children from lower income families have a lesser chance of getting into higher education for numerous reasons. There is no proper research on this, but our experience experts all say that themselves or their children are hesitant to seek education because of the cost. They also need to make arrangements for financial support while they are studying, which means they may need to have paid work on the side (which is not recommended with full time studies). They are therefore more likely to give up and drop out, or take longer to complete their studies. Restrictions have been put up as a result of policy changes in the ministry of education a few years ago, restricting access of people over 25 to access college education. This has excluded many from finishing their studies or entering at all and includes people who have started families young, people who have struggled with addiction and in general people coming out of difficult circumstances with a poor economic standing.

One of our experts was receiving financial aid and wanted to go into university (he did not qualify for a student loan). "So, basically, they are telling me that I can receive this money for doing nothing, but if I want to take steps to better myself and increase my chances to be independent, then no. I need to not accept my place at the university and just continue to nothing, just so I can continue to eat! This makes no sense!"

Another one of our experts has a daughter with disabilities that exclude her from seeking education past a certain point. She says programs and opportunities for this group of people are sorely lacking. Also, the opportunities given to her daughter didn't meet requirements to benefits that they could receive if she was not disabled and in mainstream studies.

---

## **Employment**

Altogether there is a high level of employment in Iceland and unemployment levels have always been low. This does however not mean there are no issues with unemployment and finding suitable jobs with an adequate income can be difficult.

People claiming disability allowance can work but their benefits are reduced in accordance with their earnings. This seems simple enough, but our experts agree on the system being confusing and non-transparent and that there is no assistance with figuring out the outcome in advance. People who tempt to work with disability allowance can expect back dated bills, from both TR and RSK, for overpayments, despite having turned in all documents and their wages being registered and taxed. Also, because the system of disability payments is a myriad of different entitlements depending on various factors, added income may affect these payments differently. One of our experts says: "I prefer just to do voluntary work as getting paid is simply not worth the hassle."

## **Social services**

Social services are provided at the municipal level and organized by local governments. Reykjavík, being by far the largest municipality in Iceland, has 5 offices, each serving a specific area, but all are organized by the Reykjavík City Welfare department (Velferðarsvið Reykjavíkur). Each office serves families in the area and not just those living in poverty or social exclusion, but offers services of all kinds to children, families and individuals. At your local social service center you can apply for financial aid (if you are not entitled to other forms of benefits or payments), housing benefit supplement, get help with costs for children and other services.

Most of our experts reported that there was too much of a rotation of staff in the social service. This meant their issues were dealt with by people who didn't know their history, so they had to keep repeating it over and over again to different people. "The staff is usually really nice and helpful, but the rules and the system, not so much" one of them said.

---

## **Public transport**

A public transport system is necessary for everyone to have a chance to travel freely around their town/city and the country. People living in poverty or on a very low income are less likely to afford having a car as this is very costly. Taking a drivers test can cost from 1500-2000 €, which makes it less accessible to young people growing up in poverty. There are no known programs supporting people or helping with costs of taking driving lessons.

Car ownership is very common in Iceland and this may be due to the very poor system of public transport, which mainly consists of buses. There are no trains or trams. Further research is needed to assess information on how the transport system is working for PeP around the country so this will be covered in the next report. The main focus here will be on the bus system in the Greater Reykjavík area.

The system is too confusing for those who do not know it. Buses normally run half-hourly from 7 am till 11 pm, but a few routes go more frequently during peak hours (twice a day for a couple of hours). This makes the system extremely confusing. The system also has changed a lot over the past 20 years, and not everyone is happy with the changes. In many cases routes were discontinued and changed about 15 years ago. Each bus ride costs 3 €, which is considered too costly by many. Discount cards are available but those are not economical enough for everyone. Children, teens and those claiming disability and pensions can get cheaper tickets and students get reasonably cheap season cards.

Most of our experts have a car, despite expressing that they cannot really afford it, but without a car their lives would be all the more difficult as the bus system does not suit them at all.

---

**Some recommendations to make services truly available for everyone and ensure active inclusion of all people into society (the list is not complete)**

1. Make sure that nobody is denied treatment, testing or examination by health service providers because they cannot pay. If there is a charge, there must be the possibility of getting billed later via invoice. Ideally there just should not be any charges for anything at all.
  2. Stop all charging of services for school children. Making school lunches and after school programs free. School trips should always be free of charge as well as any after-school activities organized by the schools. Even if there is added assistance with those fees, the presence of those charges puts up a divide between children. The school should be as classless as possible and not encourage any type of exclusion. Children from poor households are often very aware of the situation at home and are likely to be reluctant to take part in something if it costs extra money.
  3. Education should be free and registration fees negotiable if they are necessary at all. Nobody should be denied entrance into education for not paying a fee.
  4. There need to be better schemes for adults finishing their education. This needs to be solution oriented and with proper guidance and support to make sure they are able to reach their goals.
  5. There needs to be special support for children and young adults from poor households to enter and stay in education.
  6. There needs to be an information center on social rights that guides people through the myriad of the social welfare system in Iceland. A one-stop-shop where you can go and apply for benefits and you get ALL the information you need on all rights and assistance, whether they are with governmental, municipal or independent structures (such as labour unions and pension funds or NGOs).
  7. A guaranteed minimum income needs to be put in place as a national standard (a specified minimum amount) and accessible to anyone without an income.
  8. Benefit reductions because of paid work need to be fair. There needs to be transparent information on how paid work will affect different benefits and assistance with balancing out payments so everything is clear to the claimant from the beginning.
-

9. Anxiety is often a big factor in the lives of PeP, especially those who have also grown up poor or have a long history of everyday struggle with poverty and even trauma. This has to be taken into account when providing services and measures taken to make sure there is personalized care and connection in addition to practical help. People need a reliable service that they can count on for help, guidance and advice, as this is not always a prevalent factor in their lives.
  10. It is a matter of urgency to make mental health services available to all and make a system for trauma counseling being present and available in all types of services.
  11. Drug rehabilitation needs to be taken seriously with zero waiting times to detox and counseling made accessible to both patients and their families. Rehabilitation and aftercare for people coming out of this system needs to be better and more supportive, helping the patient and their family to readjust to everyday function.
  12. Social services need to be more solution-based and support the individual to self help at their own pace. Mental health service and education need to be real options for them to receive and those need to be specially covered.
-