Poverty Watch

2023
PREFACE

This report is published by Velferdsalliansen EAPN Norway. We are a non-commercial, politically independent, and non-denominational network of voluntary organizations working in the field of poverty reduction. We work towards an active and inclusive society where no one is left behind.

Velferdsalliansen EAPN Norway’s main objective is to promote welfare policies. We serve as an active, visible, and influential advocate for our members and our target group at local, national, and international levels. A core aspect of our work is ensuring genuine user involvement, both at the individual level and at the service-provider level. We value input from our members, who we bring to various forums and gatherings in Norway, the Nordic region, and Europe. This enables every individual in our member organizations to have their say on the issues we work on and what we fight for.

We are affiliated with the European Anti-Poverty Network (EAPN) and collaborate with 32 similar national networks in Europe, in addition to 13 European organizations. This provides us with the opportunity to exchange knowledge, coordinate our efforts, and increase our political influence. Through our participation in various working groups, we actively work to improve the lives of people living in poverty across Europe. Furthermore, we are part of the Baltic Sea NGO Network, Nordic Welfare Platform, the Nordic Civil Society Network for our vision 2030, and the Collaboration Forum against Poverty in Norway.

In this report, we present the latest available statistics on poverty in Norway, along with our assessments of the development of poverty in the country. The cost of living crisis has influenced the development of poverty in our country, and this year’s report therefore includes a discussion of how it has affected people living in poverty in Norway.

The report is authored by member organizations FØL Norge (For økt levestandard) and Sammen om en jobb (SAJO).

FØL Norge works to raise the living standards of those with the least in Norway and advocates for equal welfare. Much of FØL’s work is focused on highlighting how cuts in welfare benefits affect vulnerable groups in Norway. SAJO is a voluntary organization engaged in integration work among immigrants and refugees in Norway, helping them access the Norwegian job market.
This report presented by Velferdsalliansen represents an indispensable tool for shedding light on the escalating issue of poverty in Norway. Our concern grows in tandem with the widening economic gap between the rich and the poor. This imbalance creates significant hurdles for those already living in challenging conditions. The situation is particularly worrying for those born into poverty, as they now face severely limited opportunities to improve their economic situation. Growing inequality threatens the very foundation of the Norwegian welfare system, which is based on principles of inclusion and equal opportunities for all citizens. Therefore, this report is not just a necessity; it is an alarm bell that demands our immediate and continuous attention to preserve justice and inclusion in our society.

We believe that getting people into work is one of the most important things we can do to prevent persistent poverty and exclusion. Many people are currently outside the labor market, and it is our responsibility as individuals, representatives from the business sector and society to contribute to greater inclusion. We encourage employers to be inclusive in their hiring processes, to look for potential in people and dare to choose those with different backgrounds. Both the business sector and society will benefit from this diversity in the long run.

This report shows that many people are living below the poverty line. A significant group includes immigrants and refugees. Many are either outside the Norwegian labor market or have jobs for which they have too many or the wrong qualifications for. It is challenging for immigrants to find a relevant job in Norway because many Norwegian employers prefer to hire individuals educated in Norway, who are proficient in Norwegian and have a good understanding of Norwegian work culture. As a result, many immigrants work in typical low-paying occupations such as the hotel and restaurant industry and the cleaning sector. This creates significant disparities in living conditions between Norwegians and immigrants. Nearly half of the children living in families with persistent low-income also have parents with an immigrant background. Moreover, people who receive minimum state benefits either live below the poverty line or are very close to it. For many students, it is also extremely challenging for them to make ends meet without part-time jobs or financial support from their families. Students are also excluded from several social support programs, including housing allowances, unemployment benefits, and parental benefits.

There has been a dramatic increase in food prices, electricity prices, and housing costs over the past year. This has made life difficult for those who previously managed just fine. For those with the least to spare, everyday life has become even more challenging than before. This report illustrates how poverty is evolving in Norway and what it is like for those living with persistent low-income.
This report released by Velferdsalliansen EAPN Norway sheds light on the alarming situation of increasing poverty in Norway, especially due to ongoing economic challenges like the cost of living crisis. The definition of relative poverty in Norway goes beyond living underneath a certain income level, and includes the lack of essential resources and the freedom to live a dignified life. Social exclusion and limited participation in society are also key aspects of relative poverty in Norway.

This report reveals how rising prices and a period of high inflation have affected various sections of society, in particular those belonging to the most vulnerable groups. Inflation has increased, as well as food prices, energy costs, and housing expenses. This has led to a real wage decline for many households, especially those with low incomes. Rising prices have hit even harder for people receiving the minimum benefits from the Norwegian state, who already struggled to make ends meet prior to a cost of living crisis.

This report also shows that poverty is often passed down from generation to generation, and that children from low-income families have fewer resources available making it harder for them to break out of the cycle of poverty. High housing costs have also contributed to the growing unease and hardship for many in Norway.

This report emphasizes the need for targeted interventions from the Norwegian state to support the most vulnerable groups, both financially and socially. It points out the necessity of addressing not only economic needs but also providing mental health support and guidance to those suffering from the burden of financial stress. It is crucial for society to mobilize resources to address this issue, to ensure that all citizens can live a dignified and secure life without the fear of ongoing financial hardship threatening their well-being. The report also highlights the need for a broader societal discussion on the role of welfare states, dignity, and fair distribution in light of ongoing economic challenges.
01. WHAT IS POVERTY?

Poverty in Norway is classified as living below a certain income threshold. However, poverty is more than just a lack of money; it is the absence of vital resources and the freedom to lead a dignified life. In this report, we define a person as poor if their income and resource levels (including material, social, and cultural resources) do not allow them to achieve an acceptable living standard and participation in Norwegian society. Poverty is about exclusion, marginalization, and shame, and often arises due to insufficient resources. We use a definition of relative poverty in this report, based on the idea that poverty is about differences in opportunities in society.

Poverty exists even in a prosperous country such as Norway. Although poverty here may not be characterized by the same acute destitution as in many developing countries, it doesn't change the harsh reality for those struggling to make ends meet. Poverty in Norway is often invisible, concealed by shame and the fear of social exclusion. Despite this, economic disparities are evident in one of the world’s wealthiest nations. Living in poverty affects all aspects of life - the daily struggle to meet basic needs can overshadow long-term perspectives, lead to poor decisions, and negatively impact health. People who are poor have an increased risk of both physical and mental health problems, often eating unhealthily and resorting to substance abuse to a greater extent than those who aren't facing financial hardship. 

Children in impoverished families often start off on an unequal path in the education system and are excluded from opportunities and activities. Poverty tends to be passed down through generations and erodes trust in society. Missed opportunities for those living in poverty impact our society both socially and economically. That is why it is crucial to address this issue thoroughly and fairly, because combating poverty is not just about giving money to those in need; it is about giving people the dignity and opportunities they deserve as members of society.
Measuring poverty is a complex issue that can vary depending on the method used. There are two main types of poverty measures: absolute and relative standards. Absolute poverty is often defined by international organizations like the World Bank and the United Nations, where the extreme poverty threshold is set at $1.90 per day. Anyone living below this threshold is considered extremely poor. For developed countries like Norway, it is more common to use relative standards, where the poverty measure moves in line with the general income development of the society. While relative poverty does not necessarily imply a lack of vital resources, it captures social exclusion and the inability to meet basic needs such as proper food and housing that one would desire. This principle is important in countries like Norway, where societal wealth leads to increased expectations for participation and living standards.

In summary, measuring poverty can be done using absolute standards, which set a fixed income threshold, or relative standards, which take into account the income distribution within a given society. The choice of measurement method often depends on the context and the goals of poverty assessment.

How is poverty measured in Norway?

Measuring poverty using absolute standards provides a clear and globally comparable standard. However, this method often overlooks differences in the cost of living and quality of life in different countries. On the other hand, using relative poverty standards to measure poverty captures differences within a country based on income distribution. This provides a more nuanced picture of poverty, especially in affluent nations like Norway.

While relative measures have limitations, such as the potential to include individuals with significant wealth who still experience poverty, they take into account social exclusion and lack of participation in society. Living in poverty is not just about lacking income but also about limited opportunities to fully participate in society.

To capture this complexity, organizations like Velferdssalliansen EAPN Norway use relative standards to measure poverty in Norway and Europe. Using these measures provides a better understanding of who is facing economic hardship and who needs support to fully engage in society. Unlike many countries, Norway does not have a fixed poverty threshold. Norway follows the European approach, defining poverty as relative. This means that the poverty threshold is set relative to the general living standard in the country. Norwegian authorities typically use the EU's standard, which is set at 60 percent of median income after taxes. The OECD's standard, set at 50 percent, is also a common reference.
However, Norwegian authorities do not use the term "poverty threshold". Official statistics from Statistisk sentralbyrå (SSB) instead refer to the terms "low income" and "low-income threshold," which, in practice, measure the same thing.

SSB's most common low-income threshold, known as EU60, follows the EU's definition of poverty. This threshold is set at 60 percent of median income after taxes and takes into account household composition, including the number of adults and children. Table 1 provides an example of the poverty threshold for different types of households from 2019 to 2021, giving insight into how this approach considers different family structures and their economic needs. This approach provides a more nuanced picture of poverty in a society by accounting for variations in expenses and cost of living based on household size and composition.

<table>
<thead>
<tr>
<th>EU-scale, 60 percent (kr)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>237 600</td>
<td>241 400</td>
<td>251 600</td>
</tr>
<tr>
<td>Single parent with one child</td>
<td>308 800</td>
<td>313 800</td>
<td>327 100</td>
</tr>
<tr>
<td>Single parent with two children</td>
<td>380 100</td>
<td>386 200</td>
<td>402 600</td>
</tr>
<tr>
<td>Single parent with three children</td>
<td>451 400</td>
<td>458 600</td>
<td>478 000</td>
</tr>
<tr>
<td>Couple without children</td>
<td>356 400</td>
<td>362 000</td>
<td>377 400</td>
</tr>
<tr>
<td>Couple with one child</td>
<td>427 600</td>
<td>434 400</td>
<td>452 900</td>
</tr>
<tr>
<td>Couple with two children</td>
<td>498 900</td>
<td>506 800</td>
<td>528 400</td>
</tr>
<tr>
<td>Couple with three children</td>
<td>570 200</td>
<td>579 200</td>
<td>603 800</td>
</tr>
<tr>
<td>Couple with four children</td>
<td>641 500</td>
<td>651 600</td>
<td>679 300</td>
</tr>
</tbody>
</table>
The United Nations estimates that approximately 10 percent of Norway’s population lives below the relative poverty threshold, defined as earning less than 60 percent of the median income. As social and economic disparities continue to grow in our society, we face a growing challenge of exclusion. While poverty in Norway may not necessarily be life-threatening, it exposes individuals to risks such as malnutrition and mental health disorders. Poverty is not always visible from the outside. Those who struggle often try to hide their situation but still lack basic living standards, such as ownership of basic household appliances, the opportunity to take vacations, participate in recreational activities or buy birthday gifts.

Anyone can end up as living on disability allowance, trapped in debt, existing on a minimum pension, a single parent, bankrupt, a victim of domestic violence, or in rehabilitation after unwise life choices. People that we see on the streets, begging or suffering from substance abuse, are just the tip of the iceberg. Those we don’t see who are struggling with poverty could be your neighbor, a classmate, a friend, or a colleague. Poverty can therefore affect anyone, but certain groups are more vulnerable than others.

Refugees and immigrants with a non-Western background are overrepresented among those with persistent low-income. People with mental health issues or substance abuse also risk both financial and social exclusion. Pensioners, especially those living alone, are a vulnerable group who are challenging to identify and assist. People struggling with long-term unemployment can find it particularly challenging to reintegrate into employment. Young single individuals, single parents, couples with small children, and families with three or more children may also have significant difficulties making ends meet. People who are struggling with prolonged illness, receive state benefits, are homeless and were previously incarcerated also can be considered as being excluded from society.
In the past year, the Norwegian economy has undergone unusual changes that deviate from the long-term trend of stable prices and predictability. A significant increase in inflation, mainly driven by rising energy and fuel prices, has resulted in a decrease in people's real incomes. This has led to increased living costs, with the most vulnerable groups in society being the hardest hit – those with low incomes and already challenging living conditions. Increased inflation has created significant economic unrest, and many people will face difficulties maintaining their living standards due to rising prices, especially on essential goods and services. This underscores the need for careful economic monitoring and the implementation of targeted measures to protect the most vulnerable members of society from the negative effects of price hikes.

The cost of living crisis, characterized as a period of high inflation and prices, affects different parts of society differently. Reports indicate that economically secure households experience significantly less hardship compared to those at lower levels of economic stability. In areas such as reduced consumption and electricity usage, economically secure households stand out by maintaining their consumption to a greater extent. Only one-third of economically secure households have had to make reductions in consumption, as opposed to 43 to 74 percent of those who were already economically insecure. Strategies such as reducing consumer goods are common among those who are already struggling economically, with up to 80 percent of those heavily impacted by the cost of living crisis.

There are also significant differences when it comes to health outcomes. While only two percent of economically secure individuals have skipped doctor or dentist appointments due to lack of funds, a significantly larger proportion, ranging from one-third to two-thirds, of those in economic distress face this issue. Socially, there are also substantial variations; while only five percent of economically secure individuals have had to reduce social interactions, this applies to three-quarters of those hardest hit by rising prices. Even children are not shielded from the impact of "dyrtid." Almost six out of ten households with children under the age of 15 are extremely insecure, and one-quarter of those already struggling economically have had to limit their children's leisure activities.
The burden of “dyrtid” reveals not only the economic disparities in society but also the social and health consequences of economic hardship. This underscores the need for targeted measures to support the most vulnerable groups, both economically and socially, and ensure that they do not suffer further from the ongoing economic challenge.

Cost of living crisis
Norway, like many other countries, is currently experiencing a period of unusually high inflation. Since 2022, the term “dyrtid” has been frequently used in Norway, which can be translated as “cost of living crisis”. When prices rise significantly, households are forced to tighten their consumption. Price changes tend to occur rapidly, requiring people to alter their spending habits. Meanwhile, we observe that price increases primarily affect essential goods and services like food and healthcare, resulting in significant social disparities in society and severe consequences for those who are most affected by the price hikes.

Key factors contributing to current high inflation are the aftermath of the COVID-19 pandemic and the Russian invasion of Ukraine. These events have led to higher inflation than usual, necessitating central banks to raise interest rates to control inflation. For Norway, this has created a situation where those who are already economically vulnerable are hit the hardest by rising prices for necessities such as food, transportation, electricity, and housing costs.

The cost of living crisis has triggered discussions about poverty in Norway. It has brought attention to the weakest and most vulnerable groups in society. The discussion in Norway now revolves around the role of the welfare state, dignity and fair distribution of resources.

Instability in the energy market impacted fuel and electricity prices in 2021. The situation worsened further when Russia invaded Ukraine in February 2022. Food prices also increased significantly during the spring and summer, partly due to higher import prices and partly due to domestic factors. As a result, many have had to seek help from food banks to secure enough food. Starting in September 2021, Norges Bank also began raising interest rates to curb inflation.

The cost of living crisis has not only posed an economic challenge but has also raised deeper questions about social justice and how society protects its most vulnerable members. The discussion strikes at the heart of the welfare state, forcing society to reflect on its ability to ensure a dignified standard of living for all citizens, regardless of their economic status.
In 2023, Norway experienced an economic paradox: despite many groups receiving increased support benefits from the state or local authorities, significant price growth has caused a real decline in the purchasing power of Norwegian households. The latest inflation rate in June 2023 was 6.4 percent compared to the same month the previous year. In comparison, wage growth has been about one percentage point lower than this level. The overall price increase from June 2021 to June 2023 was a substantial 13.1 percent, illustrating the significant rise in the cost of living during this period.

The recent hikes in inflation have been primarily driven by increasing food prices, which have risen by 15 percent for essential items like food and beverages from February 2022 to February 2023. This significant increase in food costs has hit low-income families the hardest, especially for healthy food items, which have experienced significant price hikes. Other consumption areas that have also seen significant price increases include culture and leisure (9.1 percent) as well as furniture, household goods, and home furnishings (8.8 percent).

While many households are now receiving additional benefits from the state or local authorities, they have still experienced a real reduction in purchasing power due to the increased inflation. Particularly, those who were already in an economically vulnerable situation before prices began to rise have had to contend with significant economic challenges. The adjustments made to welfare programs have been slow and have not been sufficient to compensate for the overall price increases from 2021 to 2023. Consequently, the most vulnerable segments of the population continue to suffer under the growing economic burden.
Month-on-month change (July 2023 - August 2023)
In August 2023, Norway experienced a general decrease in prices, with a CPI total index of -0.8 percent, indicating that prices decreased by 0.8 percent from July to August that year. This decline was reflected in various sectors of the economy. Prices for food and non-alcoholic beverages decreased by 1.0 percent, while clothing and footwear prices increased by 1.3 percent in the same period. Furniture, household items, and home maintenance experienced a significant decrease of -3.2 percent, and transportation prices went down by 0.5 percent.

These numbers provide a snapshot of economic stability and price changes within various sectors on a monthly basis and are crucial for understanding short-term economic developments.

Year-on-year change (July 2022 - August 2023)
From August 2022 to August 2023, Norway experienced a general increase in price levels. This has been closely documented through various indices. The CPI Total index indicates an overall increase of 4.8 percent, meaning that prices rose by 4.8 percent during this period. This increase reflects the general inflation in the country.

Regarding specific sectors, food and non-alcoholic beverages saw a significant price increase of 9.0 percent. Clothing and footwear also became more expensive, with a 7.2 percent price increase. Furniture, household items, and home maintenance also experienced an increase, with prices rising by 8.8 percent. Transportation costs increased by 6.6 percent during this year.

In addition to these sectors, the table also provides information on price changes within healthcare, education, hotel and restaurant services, as well as breakdowns based on delivery sector such as goods and services. These numbers offer insights into how the price level has changed within different parts of the economy and are crucial for understanding the inflation rate and its impact on consumer purchasing power.

Looking at changes over a one-year period, from August 2022 to August 2023, provides an overview of the long-term trend. These numbers offer insights into how prices have evolved over time and are essential for understanding the stability of the economy.
A recent report has shed light on the economic hardship that thousands of Norwegian households are experiencing. Over 150,000 households have stated that they are in a severe economic crisis. This alarming statistic provides insight into the reality many families in Norway face today.

The report reveals that three-quarters of households currently living below the poverty line struggle to pay their bills on time, leading to financial stress and uncertainty. For most in this group, financial problems have not only economic consequences but also impact their mental health. Nine out of ten individuals who default on their bills report significant negative effects on their mental and emotional well-being. The psychological burden of financial distress cannot be underestimated. Increasing financial concerns lead to stress, anxiety, and depression for many individuals and families. The daily struggle to meet financial obligations has a direct impact on their quality of life and overall well-being.

These findings have highlighted the need for increased support for those in financial distress in our society. It is not just a matter of financial assistance but also providing mental health support and guidance to those suffering under the burden of financial stress. It is crucial for society to mobilize resources to address this issue, ensuring that all citizens can lead a dignified and secure life without the fear of economic hardship constantly threatening their well-being.
How many people live below the poverty line in Norway?
In 2021, 10.7 percent of the Norwegian population (excluding students) had low-income. According to SSB, low-income is defined as having an income equivalent to 60% or less of the median income. The median income in 2021, after taxes, was 419,300 Norwegian kroner. This means that in 2021, 561,000 people lived with an income of 251,600 kroner or less.

It is important to remember that measuring poverty can be challenging because the majority of people in the low-income group do not report problems related to poverty. Especially in the context of government surveys, it can be difficult to get responses from individuals because they may feel ashamed of their situation and consider it too sensitive to discuss.

How many children are below the poverty line?
In 2021, 11.3 percent of Norwegian children - or 110,700 children - came from families with persistent low-income. This is a slight decrease from 2020 and 2019 when the proportion was 11.7 percent. According to SSB, the decline can be attributed to moderate income growth in 2021, which primarily benefited families with young children with an increase in child benefits. A decrease in the number of children in the population can also contribute to the decline in the numbers. However, the proportion of children living in poverty is still high. Additionally, there hasn't been a significant decrease in the figures, as the proportion of children living in low-incomes families was also at 11.3 percent in 2018.
How many children are unable to participate in extracurricular activities?
There has been a general decline in participation in extracurricular activities in recent years, even before the pandemic. The “Ungdata 2022” report from Oslo Metropolitan University indicates that 14 percent have never participated in extracurricular activities after turning 10 years old. In addition, the 2022 “Living Conditions Survey” from SSB shows that the proportion of people in Norway who cannot afford to participate in regular extracurricular activities has increased from 3.8 percent in 2021 to 4.6 percent in 2022. Within the statistics, we can see that in the first income quartile, 10.9 percent cannot afford to participate in regular extracurricular activities. In the second income quartile, the figure dramatically drops to 3.8 percent, it’s 2.3 percent for the third quartile, and 0.5 percent for the fourth quartile. This illustrates how divided Norway still is.

Several other factors are moving in the wrong direction, according to SSB’s survey. 2 percent of people said they cannot afford to heat their homes, up from 1.2 percent in 2021. 18 percent said they lack at least one material resource, up from 16.1 percent in 2021. 6.6 percent said they have difficulty making ends meet, slightly down from 6.5 percent in 2021. 20.4 percent said they do not have the ability to handle an unforeseen expense, while the figure was 21.2 percent in 2021. 5.9 percent said they have at least one problem with paying for expenses, which is the same as in 2021.

How many people use food banks?
According to Matsentralen, 115,000 people in Norway need food assistance weekly. After a survey in March 2023, Matsentralen found that approximately 77,000 people were receiving food assistance weekly. The survey also revealed an increased volume of food distribution. In April 2023, the increase went up by 20% compared to 2022. Statistics from Matsentralen also indicate that the need is most pronounced among families with children, many of whom are households with persistent low-income. Since June 2022, there has been a 30 percent increase in demand among families with young children and single parents for receiving food assistance.
We will now examine the causes of the cost of living crisis and its impact on household economic security, consumption patterns, food security, and the risk of falling into financial difficulties, for both the Norwegian state and for individuals. Individual causes of poverty include long-term unemployment, low levels of education, and family structures involving many children or single parenthood. Long-term illness, disabilities, and mental health problems can also limit a person’s ability to work or work full-time, thereby leading to economic vulnerability.

Poverty is often associated with a lack of access to essential items such as food, clothing, and healthcare. Kirkens Bymisjon has developed a poverty calculator that illustrates the economic reality for individuals living below the poverty line (EU60). This calculator has become a tool to demonstrate to both the general population and policymakers the real challenges of being poor in one of the world’s most prosperous countries.

In this calculator, users input their current net income after taxes. As a starting point, the average annual salary in Norway, which is currently 634 700 Norwegian kroner, is used. With a tax rate of, for example, 33 percent, this results in a monthly income of approximately 35 442 kroner. For an individual without children, this means that by living below the poverty line, that person must reduce their monthly income by a staggering 21,130 kroner. This clearly illustrates the economic struggle and the significant compromises that must be made by an individual to adapt to a life below the poverty threshold.

The new budget
14 312,-
Per month

To live below the poverty line, your monthly budget is cut by
21 130,-
Per month
In the most recently presented state budget, we can see that only 5,410 Norwegian kroner have been allocated for housing costs. It is evident that finding housing at this price is a challenging task in today’s market, especially considering the ongoing price increases. This compulsive need to search for affordable housing often leads to the necessity of settling in remote areas where housing costs are relatively lower. However, the availability of a car, which is a necessity for many living in such areas, is not included in the proposed budget. This creates an additional challenge, especially for those who rely on private transportation.

Another crucial aspect to consider, particularly in light of the ongoing economic uncertainty and inflation, is food costs. The budget allocates only 1,760 Norwegian kroner per month for food. These figures, as presented in the poverty calculator, are based on the average low-income threshold in Norway. It is evident to most who look at this budget that it is severely limited and by no means sufficient to cover the daily expenses of an average household.

To provide a more concrete comparison, it is appropriate to evaluate this budget against SIFO’s reference budget. SIFO, which stands for the State Institute for Consumer Research, has developed the reference budget that analyzes the costs associated with an acceptable level of consumption for various types of households. This budget includes a wide range of expenses, from groceries to durable consumer goods like furniture and electronics. It’s important to note that housing costs are not included in SIFO’s budget, but it still provides a comprehensive understanding of the financial requirements placed on households.
The comparison between the proposed budget and SIFO’s reference budget clearly highlights the significant challenges that many households face in covering basic expenses and maintaining an acceptable standard of living. An analysis of both SIFO’s reference budget and the poverty calculator from Kirkens Bymisjon reveals significant challenges within the financial constraints for low-income groups. Although the total amounts in the two budgets may appear relatively similar, it is important to note the significant differences when delving into individual expense categories.

A significant difference that emerges is the absence of a key expense category: housing costs. This expense category, which often represents the largest expenditure in a monthly budget, is missing from SIFO’s reference budget. This is significant as housing costs constitute a substantial portion of a household’s finances and can be crucial in determining how much is available for other necessities and expenses.

The allocated amount for the food category in Kirkens Bymisjon’s budget is only half of SIFO’s updated rate for 2023. This indicates that many in low-income groups are forced to significantly reduce their food consumption to afford other essential costs. This situation underscores the ongoing struggle that low-income households face in ensuring an adequate and nutritious diet while meeting other financial obligations. These findings highlight the need for thorough analysis and measures to address the challenges related to low-income households, basic needs, and financial vulnerability.

**Inter-generational cycles of poverty**
Research has long shown that poverty tends to be transmitted from one generation to the next. Children from low-income families often have fewer resources than children in middle-class families. Children from more affluent backgrounds, on the other hand, experience their parents investing more in activities such as extracurriculars and additional education. Children who haven’t had access to such social resources often have difficulty breaking the cycle of poverty later in life.

**High housing costs**
At the end of 2021, there began a steady increase in interest rates from the Norwegian Central Bank, which significantly impacted housing costs. SIFO’s report “Dyrtid 3” shows that in March 2023, many people reduced usage of items such as electricity, food, and other goods to cover either increasing mortgage costs or higher rent. The graph from SIFO shows how people from different income backgrounds reduced consumption to cover costs from August 2022 to March 2023:
High housing costs
At the end of 2021, there began a steady increase in interest rates from the Norwegian Central Bank, which significantly impacted housing costs. SIFO’s report "Dyrtid 3" shows that in March 2023, many people reduced usage of items such as electricity, food, and other goods to cover either increasing

Low amount of support benefits
Many argue that state support benefits are too low. If you are a single person on disability allowance in 2023, the minimum benefit is 294 178 kroner. If you are on disability allowance and live with a spouse, partner, or cohabitant, you receive at least 270 454 kroner. For a single old-age pensioner, the minimum pension level is 236 816 kroner from January 1, 2023. The latest figures from SSB on low-income are from 2021. According to SSB and the EU definition of relative poverty, in 2021, you were below the poverty line if you earned less than 251 600 kroner per year.

This means that a number of pensioners on the minimum pension level are living below the poverty line in Norway. The latest figures from SSB for 2023 are not available, but the minimum benefits result in very tight budgets. Many people with higher incomes than this are struggling to make ends meet with the high electricity prices, food prices, and housing expenses. Those with the least are struggling the most.

The goal of the current government in not having such high benefits is that it should be worth more to work than to receive benefits from the state. But as recently as the Labor Party’s national convention in 2023, Prime Minister Jonas Gahr Støre opened the door to increasing some benefits. Both the Socialist Left Party (SV) and the Red Party have pushed for even higher benefits.

There has been a significant increase in the number of people who have either applied for or are now receiving benefits. NRK reported in April that the percentage of people receiving support benefits in Oslo increased from 58 percent in 2020 to 62 percent in 2022. In addition, there have been cases where NAV (the Norwegian Labour and Welfare Department) has referred people receiving benefits to the Salvation Army to collect food once a month. These are symptoms of how extensive the problems still are for people who receive support benefits and struggle to make ends meet.
Social exclusion
Poverty creates a barrier between individuals and the society around them. Lack of economic resources can limit participation in social activities, cultural events, and access to communities. This results in social exclusion, where people feel isolated and left out from the benefits and opportunities that society has to offer. Social exclusion can reinforce feelings of worthlessness and reduce an individual's belief in their ability to create change.

Social exclusion among children
Children also experience social exclusion. Some cannot participate in organized extracurricular activities such as sports or music due to financial constraints. For these children, the stark socioeconomic differences become evident when they see others getting opportunities to develop their interests while they cannot. A report from the Norwegian Red Cross has also shown that children can experience social exclusion in school. For instance, if children wear worn-out clothing it is evident that their family is facing financial difficulties, and these children can feel excluded. Implementing school uniforms can be a solution to mitigate differences among children in schools.

Increased health problems
Poverty has a direct impact on physical and mental health. Limited access to healthy food, healthcare services, and a safe home environment can lead to nutritional deficiencies, chronic illnesses, and increased stress. Insufficient financial resources can also restrict access to medication and necessary medical treatment, which can worsen health issues. On a psychological level, economic insecurity can lead to anxiety, depression, and other mental health problems.
Mental health problems in children and young people
According to a study from the Norwegian Institute of Public Health published on May 28, 2021, poverty affects the mental health of children. The study reveals that children with parents with the lowest income have three to four times greater odds of being diagnosed with mental disorders compared to children from wealthy families. This difference is particularly pronounced among boys.

Another study by the Norwegian Directorate of Health highlights the connection between poverty and various health outcomes, especially among adolescents. The study indicates that young people from low-income families, particularly those experiencing family poverty, have negative outcomes concerning mental health. Several Norwegian studies have also documented the negative consequences of poor living conditions and low socioeconomic status on the psychological development of children and adolescents.

To improve mental health problems among young people living in poverty, addressing factors such as social inclusion, participation, social support, social capital, and equal opportunities are crucial. The provision of social support and community participation affects the health of young people by creating a sense of belonging and building social networks.

Increased crime
It is inequality, not poverty, that creates a fertile ground for crime. Crime is also influenced by the extent of inequality in society. The greater the social inequality, the larger the potential gain from committing a crime for an offender from a poor background. International studies have demonstrated a clear relationship between income inequality and crime. When people from poor backgrounds are exposed to wealth around them, the likelihood of committing a crime increases. This is especially true if social inequality is significant and conspicuous, such as the presence of expensive cars and designer clothing. In Norway, inequality is on the rise and there is a clear social profile among criminals and inmates in prisons - the majority come from families with persistent low-income. Poor living conditions therefore play a significant role in increasing the likelihood of a person turning to a life of crime.
Being poor in a wealthy country like Norway casts a sharp spotlight on the human realities behind numbers and statistics. It is a life often characterized by a constant tightrope walk between financial instability and the dream of a dignified existence. In this modern society, where consumption and prosperity are abundant, those living in poverty experience a daily struggle that goes far beyond economics. For many, it means having to choose between basic necessities like food, clothing, and housing. The chronic scarcity of resources means that simple joys, such as going out with friends or participating in community activities, are often luxuries out of reach. Children in impoverished families feel the pain of being different when they lack the same things as their classmates. This gap in opportunities feels like an insurmountable divide and negatively affects their self-esteem and self-confidence.

Poverty is not just an economic burden - it is also an emotional one. Shame and a sense of inadequacy seep into the daily lives of those struggling financially. Seeing others enjoy life without worrying about money while having to count every penny creates a constant reminder of one's own situation. The stress of meeting daily needs and the fear of unexpected expenses create a constant sense of insecurity and anxiety.

The social isolation that comes with poverty is also a significant burden. Not being able to afford to participate in social activities or invite friends over creates feelings of loneliness and exclusion. This loneliness is compounded by society's lack of understanding of the daily struggles these people face. Poverty is often viewed as a result of laziness or lack of effort, while the truth is that it is a complex outcome of socioeconomic factors.

In a wealthy country like Norway, where opportunities for success seem endless, it is deeply unfair that a few must bear the burden of economic hardship. It is time to look beyond the numbers and statistics and recognize the human side of poverty. It is time to listen to those who share these experiences, understand their challenges, and work toward a society where no one has to suffer under the weight of poverty in one of the world’s richest countries. Poverty is not just numbers on a spreadsheet; it is a human crisis that requires our collective empathy and action.
Real-life stories of poverty
Poverty Watch could not have been written without focusing on the human aspect of poverty. We at Velferdsalliansen EAPN Norway understand the importance of statistics but are always aware that there are people behind all the statistics. Here, we provide an opportunity for those experiencing the reality of persistent low-income, who use food banks, and who struggle to make ends meet to describe their reality in their own words.

Renate Søderlund provided an honest insight into what it is like to live in poverty when she appeared on NRK’s Debatten with Fredrik Solvang in November 2022. She described a typical weekday: “On Mondays, my daughter is at an after-school program with Kirkens Bymisjon. She’s not home until 7 p.m. That day, I have to psych myself up and “recharge my batteries” for her. I sit on the couch and eat just two slices of bread all day to save on electricity and food.”

Salvation Army deacon worker Belinda Andersen participated in Debatten in February 2023 and shared that the Salvation Army had to foot the bill for an emergency dental operation for a lady who couldn't afford it herself. The lady couldn’t get the treatment through NAV, because it would have taken at least three weeks for a referral from NAV to the dentist to get a price reduction.

Yngve Holkestad, a single parent in a family with young children, told Dagsavisen in June 2023 that the food bag he receives from the volunteer organization Du & jeg is "priceless" and that "unfortunately, the Norwegian society is not built for a family with only one income."
07. HOW DO WE REDUCE POVERTY IN NORWAY?

Poverty is a global issue that affects millions of people around the world. In countries like Norway, where the standard of living is high, it is important to understand why poverty reduction is crucial. Poverty is not just a lack of financial resources; it has profound consequences for individuals’ and society’s well-being and development. Poverty extends far beyond material deprivation. It affects people's self-esteem and self-respect. A lack of financial resources can lead to social isolation and a feeling of exclusion from society. This can undermine one's dignity and self-worth. Every person has the right to a decent life regardless of their economic status. Reducing poverty is about ensuring justice and respect for human rights. Poverty can lead to social exclusion and limited access to essential services like healthcare and education. By reducing poverty, society ensures equal opportunities for all.

The one percent of the state’s budget
In a nation of billionaires and where budgets and numbers can seem overwhelming, a single sum has been presented as the key to transforming the lives of hundreds of thousands of Norwegians: 13.3 billion Norwegian kroner. This is the cost it would take to lift those who receive public benefits such as old-age pensions, work assessment allowance, and disability benefits above the poverty line.

For less than one percent of the annual national budget, the lives of 560 000 people can be changed dramatically. This sum can provide children with a childhood free from worries, their families a chance to breathe a sigh of relief, and at the same time, offer hope for a better future. It can mean shoes for children and the opportunity for them to participate in recreational activities - small joys that are often out of reach for those living below the poverty line.

The EU's poverty threshold, set at 60 percent of the median income in society, affects 10 percent of Norway's population. This is not just a number; it is an indicator of social challenges and economic barriers. The answer is clear; 13.3 billion Norwegian kroner is the price to change the lives of those who need it most.

For a country like Norway with a state budget of 1,748 billion Norwegian kroner and substantial resources, this amount represents a tangible step towards a more inclusive future. It is about giving children the opportunity to grow up outside the shadow of poverty and providing families with the dignity they deserve. In a time marked by economic challenges, it's time to show what we truly value - a society where no one is left behind.
Strengthening welfare services
In the fight against poverty, it is crucial to strengthen NAV both in terms of staffing and expertise. Firstly, more advisors should be hired to enable more comprehensive follow-up of each individual user. These advisors should also receive regular training and opportunities for further education to keep them updated on laws, regulations, and best practices.

To avoid confusion and clarify the division of responsibilities, NAV should move away from the purchaser/provider model. Moving away from this model would provide clarity for users regarding which tasks belong to NAV and which are the responsibility of external actors. To improve accessibility and communication, NAV should adjust its opening hours to accommodate the needs of users, including being available afternoons and weekends. At the same time, digital services should be improved and simplified to make application processes more accessible. Clear communication channels should also be established to avoid misunderstandings.

Individual follow-up is also key. Each user should have a designated advisor for continuity and trust in the follow-up process. This can be further strengthened by developing individual activity plans tailored to each user's needs and goals. In addition to personal follow-up, financial support should be carefully considered. This includes increasing the support amounts for all benefit recipients, so that these individuals can rise above the poverty line in Norway.

Prevention and early intervention are also crucial. Early identification of at-risk groups can be essential for NAV to offer assistance before the situation becomes acute. Therefore, preventive programs targeted at young and vulnerable groups should be implemented.

For NAV to provide effective follow-up and support to users, fair financial resource allocation must be available. User involvement is also important - users should be actively involved in shaping services through feedback. User representatives in these committees should be offered training and education opportunities so that they can provide better input at the local and systemic levels. Furthermore, NAV should improve its internal procedures for how user representative input is carried forward.
Improving housing support

Housing support is a crucial social welfare program in Norway, designed to alleviate the financial burden on families and individuals with high housing costs and low-income. However, this support system has faced criticism for several challenges, mainly related to income thresholds and accessibility.

A significant issue is the current low-income threshold for qualifying for housing support. This threshold has not adapted to current general income trends, resulting in many who genuinely need support not qualifying due to their “too high” income. This leads to many low-income families and individuals being excluded from the program, even though they struggle to cover basic housing expenses. This lack of adjustment to economic changes has created a gap between those who receive support and those who do not, thereby undermining the purpose of the program.

Housing support, when available to the right target audience, plays a crucial role in ensuring a stable housing situation, reducing debt burdens, and contributing to overall economic security. To address these issues and improve the housing support program, it is necessary to revise the income requirements. This may include regular adjustments based on inflation and the average income levels in society. By updating income thresholds in line with real economic conditions, the housing support program can be more precise and include those who truly need assistance.

Additionally, it is crucial to raise awareness about the housing support program and offer guidance to those who may qualify. This could include information campaigns targeting vulnerable communities and accessible guidance to help them through the application process. This will ensure that those entitled to support actually gain access to it, thereby achieving the fundamental goal of reducing the financial burden associated with housing expenses.

By adapting the housing support program to today’s economic realities and increasing accessibility through better guidance and information, housing support can play an even more effective role in reducing poverty and creating economic stability for those who need it most.
It is essential to examine the measures the government has taken to address the seriousness of poverty in Norway, particularly over the past year. There has been a complex situation in Norway, where the government has implemented various measures to alleviate economic challenges, especially among vulnerable groups. Due to increased awareness of poverty in the country, the government has taken steps to ease the burden on those who are struggling the most.

Among the measures implemented are: subsidies for electricity bills, increased allowances for social welfare recipients and families with children, enhancements in housing support for low-income households, adjustments to child benefits, and increases in the minimum pension for the elderly. These measures are aimed at providing financial support to the most vulnerable groups in society and represent an important step in addressing the growing economic challenges.

However, the government still faces significant challenges. One of the most pressing issues is rising inflation, especially in relation to food prices. The price increases of essential items like food and beverages have hit low-income households the hardest. Despite increased state welfare benefits, many families are experiencing a decrease in real income due to rising prices.

We must also note the challenges of linking benefits to one another in a system. Increases in one benefit can lead to reductions in others, potentially causing benefits to be lost.

Another concern is the uncertainty in the retail trade, particularly in the grocery sector, which could be an indication of broader economic instability. These factors together highlight the complexity of addressing economic challenges and poverty effectively.

We can see the extensive efforts made by the authorities to address economic concerns in the country. At the same time, the persistent challenges that need to be tackled, especially related to price hikes and economic uncertainty, underscore the need for a comprehensive approach to solving these issues in the short and long term.
09. THE DIFFERENCE BETWEEN
THE RICH AND POOR IN NORWAY

The status of the wealthy
The number of Norwegian billionaires has more than doubled in the last decade. In 2023, there were 400 billionaires in Norway with a combined total wealth of 1873 billion Norwegian kroner. There have never been as many billionaires in Norway as there are now.

The status of the poor
Approximately 561,000 people lived with an income of 251,600 or less in 2021. 110,700 children were in a family with persistent low-income in 2021. Since 2013, more than half of all children with persistent low-income came from an immigrant background. This group has also experienced the largest increase in persistent low-income in recent years. This pattern is linked to the fact that households with limited access to the job market are the most vulnerable to falling into low-income situations, a pattern which families from immigrant backgrounds regularly fall into.

The link between poor health and low income
Poverty can lead to a reduced quality of life. A recent survey conducted by SSB on living conditions in Norway showed that eight percent of respondents experience both poor health and economic challenges, and among these, half struggle to make ends meet. Six basic factors for good health and well-being such as regular meals, adequate heating, access to healthcare, dental health, clothing and shoes are unavailable to many low-income families.

The link between life satisfaction and low income
There is a clear link between a person’s financial situation and life satisfaction. According to SSB’s survey, those who have the lowest levels of income and wealth are significantly more dissatisfied with life. Only three out of a hundred individuals with the highest levels of income report dissatisfaction with life, while almost one in four individuals with the lowest income feel dissatisfied. This underscores the significant impact of financial difficulties on people’s sense of well-being and life satisfaction.
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