

NORWAY

TOWARDS A SYSTEMIC APPROACH TO SOCIAL PROTECTION

POVERTY WATCH 2024





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Poverty Watch

2024

EA VELFERD
P N NORWAY ALLIANSEN



FOREWORD

This report is published by the Velferdsalliansen EAPN Norway. We are a noncommercial, politically independent collaborative network of non-governmental organisations working to combat poverty. Our goal is to promote an active and inclusive welfare society where no one is left behind.

Velferdsalliansen EAPN Norway's main objective is advocating for improved welfare policy. We serve as an active, visible, and influential voice for our members and target groups at local, national, and international levels. A core aspect of our work is ensuring genuine user participation in the welfare state, both on an individual level and in the design of services and systems. We value greatly input from our members, which we promote at various arenas and events in Norway, the Nordic region, and across Europe. This ensures that every individual within our member organisations has a direct impact on the issues we are concerned with and what we advocate for.

We are connected to the European Anti-Poverty Network (EAPN), which means we collaborate with 32 similar national networks in Europe, as well as 13 European organisations. This allows us 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 throughout Europe. Additionally, we are part of the Baltic Sea NGO Network, the Nordic Welfare Platform, the Nordic Civil Society Network for Vision 2030, and the Cooperation Forum Against Poverty in Norway.

In this report, we present the latest available statistics on poverty in Norway, along with our assessments of poverty trends in the country. The rising cost of living has significantly impacted poverty development, and this year's report therefore includes an explanation of how the welfare state should function as a safety net to prevent rising poverty and social exclusion during economically vulnerable times, exemplified through specific welfare schemes.

This report is based on statistics and reports from, among others, the National Institute for Consumer Research (SIFO) and Statistics Norway (SSB), as well as conversations with and experiences from our member organisations throughout the year.

ABSTRACT

This report highlights the alarming situation of rising poverty in Norway, particularly due to ongoing economic challenges like the current cost-of-living crisis. The definition of relative poverty in Norway goes beyond a simple income threshold, and includes the lack of vital resources and the inability to live a dignified life. Social exclusion and limited participation in society are also key aspects of relative poverty in Norway.

The report reveals how the cost-of-living crisis, marked by high inflation, has disproportionately affected vulnerable groups. Although inflation has slightly eased, food prices, energy costs, and housing expenses remain high, posing significant challenges for many. Households with low incomes, in particular, have experienced a decline in real wages over the past few years. The situation has been especially difficult for people receiving minimum benefits from the state, who already struggle to make ends meet.

The report also shows that poverty is often passed down through generations, as children from low-income families have fewer resources at their disposal, making it difficult for them to break free from the cycle of poverty.

The report emphasises the need for targeted measures to maintain a strong welfare state that supports the most vulnerable groups, both economically and socially. It stresses the importance of addressing not only financial needs but also providing social support and guidance. It is crucial that our society mobilises resources to tackle this issue, ensuring that everyone in Norway can live a dignified and secure life, without the constant threat of economic hardship undermining their well-being. The report also calls for a broader societal discussion on the role of the welfare state, dignity, and fair distribution in light of the ongoing challenges.

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01. WHAT IS POVERTY?

Poverty is a concept that can be understood in a number of ways. For many, poverty simply means not having enough money, but we at Velferdsalliansen EAPN Norway wish to use a broader definition of what poverty means. In our view, a person should be considered poor if their level of income and resources (material, social, and cultural) is so low that it prevents them from achieving a standard of living and participation at the level which is considered acceptable in Norwegian society. Poverty involves issues like exclusion, shame, and marginalisation, and in many cases in Norway, it is less visible than the traditional perception many may have of what poverty looks like. Therefore, the term “poverty and social exclusion” is often used instead of “poverty” alone. Simply put, we believe that poverty is primarily about differences and opportunities in society, not just money.

In recent years, it has become increasingly clear that poverty is a growing problem, even in the welfare state of Norway. Around Christmas 2023, several help centers reported a record number of inquiries from people in need of food, clothing, or Christmas presents. We could also read several news reports about how charities were unable to assist everyone who needed help. Poverty in Norway is increasing, although it remains less visible than in other European countries.

Children growing up in poor families are often disadvantaged in the education system from the start and are thereby excluded from opportunities and activities. Poverty tends to be inherited and weakens trust within a society. Lost opportunities for those living in poverty affect our society both socially and economically. Therefore, it is crucial to address this issue thoroughly and fairly. Fighting 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.

02. HOW DO WE MEASURE POVERTY?

Poverty is a complex issue, and thus difficult to measure precisely, as the estimated number of people living in poverty will vary depending on the method used to measure it. Two main methods are commonly used: an absolute poverty threshold and a relative poverty threshold. The first is often employed by international organisations such as the World Bank and the United Nations, which sets the extreme poverty threshold at 1.90 US dollars per day. If one lives below this threshold, they are considered extremely poor. In industrialised countries like Norway, it is more common to use a relative standard, where the poverty line moves in line with general income development in the country. In the EU member states, this threshold is set at 60% of the median income after taxes – known as the EU60. This standard is commonly used to measure poverty in Norway as well, but it is often referred to as the “low-income threshold” in official statistics. In this

report, the terms “low-income threshold” and “poverty line” will be used interchangeably, referring to EU60.

Although relative poverty measures like EU60 have some limitations, they are very practical to use as they capture the risk of social exclusion and lack of participation in society. In a country like Norway, where extreme poverty is very rare, it is important to use a method that takes into account the variety of challenges faced by people with persistent low income, even if they do not necessarily lack essential resources. By using this method of measuring poverty, we get a clearer picture of who is struggling financially in Norway and who needs support to fully participate in society.

The figures below from Statistics Norway (SSB) provide a more nuanced picture of the relativity of poverty by considering the variation in expenses and living costs based on household size and composition. Here, we also see how the threshold changes from year to year.

HOW DO WE MEASURE POVERTY?

	EU-scale, 60 percent (NOK)		
	2020	2021	2022
Single	241,400	251,600	264,800
Single parent with one child	313,800	327,100	344,300
Single parent with two children	386,200	402,600	423,700
Single parent with three children	458,600	478,000	503,100
Couple without children	362,000	377,400	397,200
Couple with one child	434,400	452,900	476,700
Couple with two children	506,800	528,400	556,100
Couple with three children	579,200	603,800	635,500
Couple with four children	651,600	679,300	715,000

Who are the poor in Norway

SSB estimates that about 10% of Norway's population lives below the low-income threshold. There are complex reasons for this, but one of the most significant is a lack of participation in the labour market. Long-term unemployment in particular, significantly increases the risk of persistent low income, and in 2022, about 50% of long-term unemployed people were below the poverty line.

Recipients of social benefits also face a higher risk of falling below the poverty line. Specifically, people on disability benefits, recipients of work assessment allowance (AAP), and those receiving minimum income are overrepresented among those with persistent low income. The same applies to minimum pensioners, people struggling with substance abuse, and individuals with refugee or immigrant backgrounds. All of these groups are particularly vulnerable to both economic and social exclusion.

03. THE DEVELOPMENT OF POVERTY IN NORWAY

As mentioned, approximately 10% of Norwegians live below the poverty line. Still, in SSB's survey on living conditions, 21.7% of respondents report that they would not be able to handle an unforeseen expense. This may be linked to the fact that the real income of Norwegian households has decreased – meaning that prices have risen more than household incomes. In the last couple of years, the Norwegian Central Bank has regularly raised the policy rate, and prices for various goods and services have increased significantly. The result of this is that many households who could previously live relatively comfortably are now struggling to make ends meet.

Living in poverty in Norway, as in most other countries, is strongly associated with feelings of shame and inadequacy. This is why poverty in Norway is largely invisible to the rest of the population. Those who suffer usually try to hide their situation, even from friends and family, despite their lack of a basic standard of living. This can involve anything from owning a washing machine to the ability to go on holiday, participate in organised leisure activities, or buy birthday presents. Some even report anonymously that they avoid using public food distribution and other types of assistance because they fear being discovered by someone they know.

Changes in the Norwegian economy

The Consumer Price Index (CPI) is typically used to measure inflation in the economy, as it shows the price development of the most commonly demanded goods and services in Norway. From August 2023 to August 2024, there was a CPI increase of 2.6%, indicating falling inflation, as the total price increase in 2023 was 5.5%. This suggests that Norwegian workers may likely see higher growth in their real wages in the next wage

settlement. This is beneficial both for workers, who will enjoy more economic freedom, and for those dependent on social benefits, as there will be more resources available from the welfare state to improve their situation.

However, we cannot ignore how challenging the Norwegian economy has been in recent years, especially for the most vulnerable members of society. Below is an overview of annual changes in the CPI of various categories from 2020 to 2023. From this, we see that inflation has been rising for some time before slowing down. Particularly, food prices have increased sharply over the past two years. The same is true for costs related to transport, furniture, household items, and home maintenance. The category for housing, lighting, and heating saw a significant increase from 2020 to 2021 but stabilised again in 2023. Although the government has tried to counter the high inflation, the adjustments made to welfare schemes have not been early or sufficient enough to compensate for the overall price increase, as shown by the survey on living conditions. As a result, the most vulnerable parts of the population continue to suffer under the economic burden.

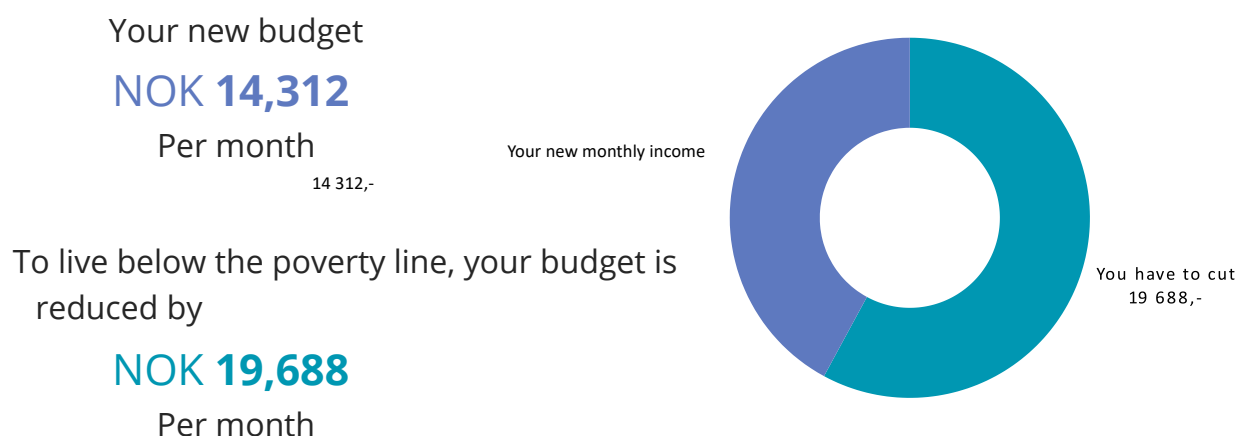
THE DEVELOPMENT OF POVERTY IN NORWAY

Category	Yearly change (percent)			
	2020	2021	2022	2023
Food and non-alcoholic drinks	3.2	-2.0	6.5	9.8
Alcoholic drinks and tobacco	2.7	-1.8	3.7	5.0
Clothing and shoes	-1.7	-1.3	0.6	3.8
Housing, lighting, and heating	-3.5	10.0	6.7	1.9
Furniture, household items, and home maintenance	6.8	3.7	6.5	8.5
Healthcare	2.9	3.0	2.5	3.7
Transport	1.6	2.1	8.9	7.1
Postal services and telecommunications	4.8	1.5	1.0	5.6
Culture and leisure	3.4	3.1	4.1	8.4

Education	3.1	1.9	2.1	3.1
Hotel and restaurant services	2.1	3.3	7.4	6.7
Other goods and services	3.6	2.6	2.5	2.0

Poverty calculator

As seen in the previous chapter, the low-income threshold for 2022 was NOK 264,800 per year, or NOK 22,066.67 per month, for a single person without children. However, it is important to note that even though the threshold is set at this amount, a significant proportion of households of the same type live on far less. The same is true for other types of households. To better illustrate the economic reality of living with persistent low income, the Church City Mission has developed a poverty calculator. This calculator is based on the average monthly income of all those living below the poverty line, which gives a monthly income of NOK 14,312 for a single person without children. In the calculator, one can input their current income and see illustrated how challenging it can be to live with persistent low income. For example, using the median monthly salary in Norway for 2023, which was NOK 50,660, with a tax rate of for example 33%, this results in a monthly income of about NOK 34,000. To adjust to a life below the poverty line, you would need to reduce your monthly budget by nearly NOK 20,000. This clearly shows the economic struggle and significant compromises people with persistent low income face daily.



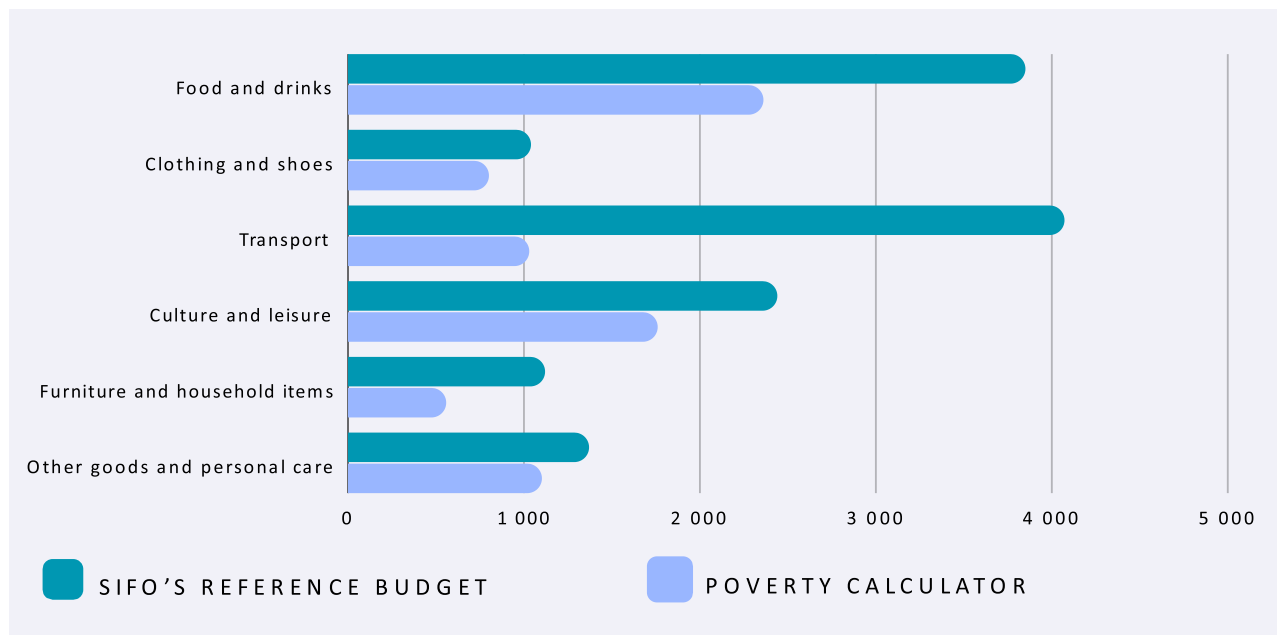
The poverty calculator further presents a detailed budget for the new monthly income, based on consumption patterns from SSB. For housing costs, the budget allocates NOK 5,410. For a couple without children, the calculator allocates NOK 8,115 for housing, and if two children are added, the budget increases to NOK 11,360. It is clearly challenging to find suitable rental housing at this price in today's market, especially in urban areas. The need to find more affordable housing forces many to move to more remote areas where housing costs are lower. On the other hand, this usually means they will need a car, as distances become greater and access to public transport decreases. The transport budget allocates NOK 1,030 for a single person and NOK 2,164 for a couple with two children. This presents an additional challenge, as owning a car often incurs higher costs than this.

To get a broader perspective, it may be useful to compare this with some concrete figures, such as the reference budget developed by SIFO (National Institute for

Consumer Research). Here, various necessary costs are analysed, reflecting what SIFO considers an acceptable consumption level for different types of households. This budget is updated with current amounts and includes a range of expenses, from groceries to durable consumer goods like furniture and electronics. It should be noted that housing costs are not included in SIFO's budget, but it still provides a comprehensive understanding of the economic demands faced by different households.

The comparison below between SIFO's reference budget for 2024 and the poverty calculator's proposed budget highlights the significant challenges low-income households face when it comes to covering basic expenses and maintaining an acceptable standard of living.

For the transport category in SIFO's budget, for example, a single person without children and without a car is allocated NOK 897, equivalent to the price of a monthly public transport pass in the city of Oslo. Adding an electric car increases total transport costs to NOK 3,005, and with a petrol car, we get NOK 4,072. This is a significant increase from the poverty calculator's amount of NOK 1,030.



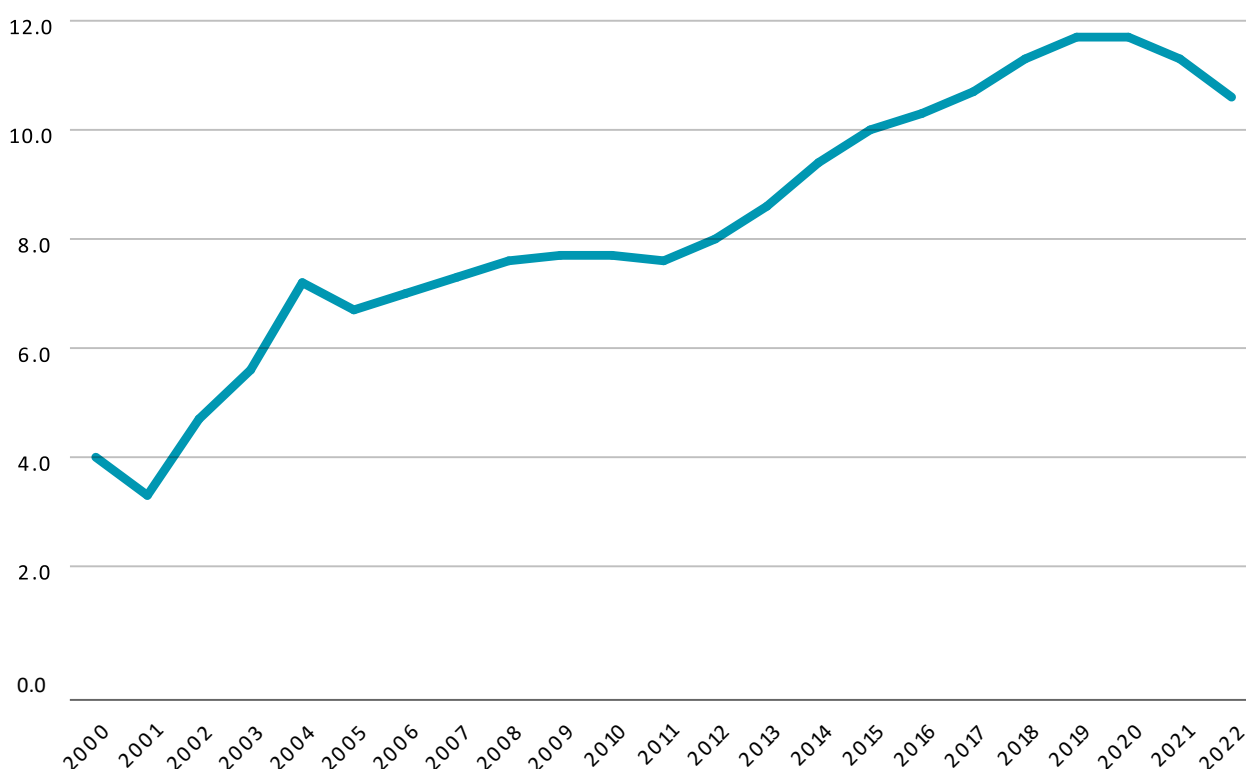
Comparison of SIFO's Reference Budget for 2024 and the Poverty Calculator's Proposed Budget. Both budgets are based on a single adult person without children. For SIFO's budget, a petrol car is included. The poverty calculator, on the other hand, does not differentiate between public and private transportation.

Another notable category in the budgets is food and drink. The poverty calculator allocates NOK 1,760 for this, with an additional category for alcoholic beverages and

tobacco at NOK 601. Since SIFO's budget does not distinguish between alcohol and non-alcoholic beverages, these categories are combined for the poverty calculator in the diagram. However, the total is still much lower than in SIFO's budget. This indicates that many in low-income groups are forced to drastically reduce their food budget to make room for other essential expenses. This difference further highlights the daily challenges many low-income households face in maintaining a nutritious diet while simultaneously meeting other financial obligations. These findings emphasise the need for thorough analysis and direct action to address the challenges related to low-income households' basic needs and economic vulnerability.

From generation to generation

It has been well established that poverty tends to be passed down through generations. This means that if a child grows up in a family where the parents' income is below the poverty line, there is a high probability that as an adult, they will also experience persistent low income. This is partly because parents in low-income families have fewer resources to spend on their children compared to middle-class families. In more affluent families, however, there is more room to invest in extracurricular activities and additional education. Children who have not had access to these kinds of social resources often find it difficult to escape poverty later in life. There is a greater likelihood that these children will drop out of school, which increases the risk of being excluded from the labor market.



The number of children living in families with persistent low income has slightly decreased from 2020 to 2022, and the number now stands at 102,600 children, which corresponds to about 10.6% of all children in Norway. This is, however, the first decline we have seen in a very long time, as the number of children growing up in poverty has mostly been rising since 2001.

This current decrease in the amount of families with persistent low income is likely related to recent political measures. In 2019, child benefits were increased for the first time since 1996, and in the following years, there have been several additional increases. In addition, kindergarten fees have been reduced, and free core hours have been introduced for younger children in after-school programs.

This is a clear example of how the welfare state can influence the level of poverty in the country. Specific and targeted measures that strengthen welfare schemes can help lift more people out of persistent low income and prevent people falling into poverty traps. By setting a rate of benefits that allows recipients to live a dignified life, the welfare state can function as a social safety net and increase the potential for social mobility in the population. In the next chapter, we will take a closer look at how the Norwegian welfare state often achieves this, while also identifying areas where welfare schemes fall short.

04. THE WELFARE STATE: A SOCIAL SAFETY NET

The concept of the Norwegian welfare state, as we know it today, has been widespread since the early 1900s. In the 1930s, several schemes were introduced, such as disability benefits and unemployment benefits. However, it is commonly said that the modern Norwegian welfare state was finally established when the National Insurance Scheme was introduced in 1967. The fundamental idea behind the welfare state is not only to support the weakest in society but also to maintain a social and economic safety net by redistributing wealth amongst the population.

In Norway today, this is financed through our mixed economy. Ordinary income is taxed progressively, meaning that those who earn the most pay a higher percentage in taxes. Additionally, some must also pay taxes on assets, property, and stock shares. There are also various deductions intended to ensure that those with different financial challenges outside of ordinary income pay less tax. Private companies are allowed to establish and operate in Norway and pay a range of taxes and fees. Furthermore, the state trades and invests in various enterprises through state actors, such as the Oil Fund. Together, this finances the welfare state, allowing the government to maintain welfare services such as healthcare, education, and social benefits. Private actors are also allowed to create their own services. Some believe this is an important tool to subject state services to competition, raising their standards, while others argue that this gives unfair advantages to those who have more money, as private services are generally faster and more specialised than public ones, but in return more expensive.

In Norway, the welfare state covers a range of basic personal and societal needs. Everyone has the right to free education up to and including high school, higher education is more or less free, and for necessary medical treatment, you only pay a small copayment. Through our automatic membership in the National Insurance Scheme, we are also guaranteed rights such as sick pay from day one, paid parental leave, and financial support if you lose your job. Naturally, there is room for improvement in many of these schemes, but overall, the welfare state functions as it should in these areas. However, there are areas where the welfare state still falls short, such as the municipal housing sector and schemes for social assistance and disability benefits. The main shortcomings in these four areas will be presented below, along with an overview of how NAV (the Norwegian Labour and Welfare Administration) functions in the digital age.

Social housing

In Norway, everyone with a Norwegian national identification number has a legal right to a place to live. If you cannot secure this yourself, the municipality you live in is obliged to help you, and one of these options is the municipal rental sector. This is a strongly means-tested social housing offer, of which there are 115,583 units in Norway (about 4% of the country's housing stock). How many people in Norway live in such housing is difficult to estimate, since social housing in Norway, unlike in many other European countries, is primarily intended to be short-term temporary housing for those disadvantaged in the housing market. In other words, the municipal rental sector is a very narrow welfare offer.

In Denmark, a country with a much higher population density than Norway, the model for social housing looks roughly like the Norwegian scheme did until the 1960s; they have low rent, tenant democracy, and are not means-tested. Although both countries are built on the same core values of the welfare state, there are significant differences between the Norwegian and Danish models for social housing.

Since the Second World War, Norwegian housing policy has, unlike that of Sweden and Denmark, almost exclusively focused on the so-called "ownership line." This means that the goal of Norwegian housing policy measures is for everyone to own the home they live in. In today's political situation, this is evident through, for instance, tax policy; although some homeowners pay property tax, they also receive a range of deductions on things like mortgage interest and housing savings accounts. Investing in housing is also described as one of the best ways to save for retirement, and the tenancy law is formulated in a way that prioritises landlords' interests over tenants', even after the proposed changes by the tenancy law committee in 2024. The much-discussed "nurse index," which shows how many of Oslo's homes a single nurse can afford to buy based on a typical nurse's salary, is another example of how the ownership line is evident not only in Norwegian politics but also in general societal norms. For most Norwegians, it is incomprehensible that someone can be satisfied with living in a rental home their whole life, as many are in our neighbouring countries – the general attitude is that everyone should work towards buying a home.

When the core idea of housing policy is that everyone should own property, there is little room for the development of good rental policies. Rental prices skyrocket, and private landlords are almost free to do as they please. A lack of legal knowledge among private landlords leads to many tenants experiencing illegal evictions and other unreasonable demands from landlords. Usually, this is reluctantly accepted either because the tenant has difficulty interpreting the law themselves or because they fear the potential financial and psychological burden they risk if they take the matter further. Despite the ownership line, fewer and fewer people are currently entering the housing market, and in 2023, Norway had historically few first-time buyers. Today, about 1 million Norwegians rent, which is about 20% of the population. Nevertheless, rental politics are almost non-existent in Norway. It is clear that the ownership line is not sustainable.

Social Assistance

Financial social assistance is Norway's minimum income scheme, which anyone with legal residence in the country can apply for through NAV if they are unable to cover necessary expenses themselves. According to NAV, the scheme is initially intended to assist families or individuals for "a short period," but many people receive social assistance for several months, or even years. A large proportion of those receiving financial social assistance are young people under 30 years old and individuals with immigrant or refugee backgrounds. This trend can be linked to the fact that these two groups are more vulnerable to unemployment and often have not worked long enough to qualify for unemployment benefits. During the pandemic, there was no significant increase in the number of social assistance recipients, likely due to the expansion of other schemes during the period.

In 2024, the basis for the rates of financial social assistance was reviewed for the first time in over 20 years, commissioned by the Ministry of Labour and Social Inclusion. The overall result of the investigation was that the rates are too low for recipients to "maintain a reasonable standard of living." Some of the findings from the report are as follows:

- 27% of social assistance recipients report that they cannot afford to eat enough to feel full everyday.
- About half have experienced not having clothes and shoes they feel presentable in.
- More than half say they cannot afford to maintain an adequate temperature in their home.
- About 40% cannot afford to visit or invite family or friends during holidays and other celebrations.
- Over 40% have skipped meals or refrained from buying necessary groceries, especially fruits and vegetables.

Food insecurity is one of the most serious consequences of insufficient rates for social assistance, but as many recipients emphasise, the problem runs deeper than that. Several interviewees stated that they do not feel they are living "a dignified life," mainly because they cannot afford to be social. Recipients with children and grandchildren also shared that they feel a lot of shame over not being able to buy things like clothes and ice cream for their children when they ask for it, give pocket money, or buy nice birthday gifts, both for their own children and for other children's birthday parties. Additionally, many say they feel criminalised by NAV and go to great lengths to hide small sources of income, for fear of losing their benefits. For example, if they borrow money from friends or family, they have to get it in cash, as NAV usually questions bank transfers. Some also say that if they have small amounts left in their account, they withdraw them in cash to avoid having the amount deducted from their benefits the following month. This is the only way they can save money.

The SIFO report does great work of highlighting why the rates are too low. Although financial social assistance was not mentioned in the presentation of the revised national budget for 2024, there is both hope and likelihood that the rates will be increased in the national budget for 2025. Unfortunately, the problems in the social assistance scheme go beyond the low rates. Firstly, the application for this "emergency aid" has a waiting time of two weeks – this does not help much if you have a bill due before then or if you incur another unforeseen cost. Additionally, many applications for social assistance are rejected for reasons that appear nothing short of absurd. Firstly, students are not entitled to support from NAV as long as they receive support from the Norwegian State Educational Loan Fund – despite the fact that no additional grants or student loans are granted beyond the usual limit. Some students have been told to quit their studies and instead try to get a job. Other requirements include that applicants must get rid of "unnecessary" expenses before their application is approved. For example, people in rural areas have been told to sell their car to get their application approved, but in many of these places, public transport is not an option. Others have said that even if they were allowed to keep their car, they received no support for expenses related to it. A woman with children in primary school says:



"We depend on the car because we live up a hill, you know? We live on one side and the children go to school on the other side. So it doesn't work, if we have to take the bus, it takes us a few hours each way. [...] A car is not a luxury [...] we can't manage without it. Then you have car insurance, car repairs, which always come at inconvenient times, EU inspections, and God knows what."



Additionally, there are varying practices between municipalities, both in terms of approving applications and the rate of benefits. Many find that the amounts paid out are higher in the big cities and that the guiding rates do not take into account that although housing costs are higher in Oslo, there are other factors that lead to increased costs in rural areas, such as long distances and poorer selection in grocery and clothing stores. Furthermore, it is mainly the larger cities that have offers such as food banks and other types of emergency assistance, as this is usually run by volunteers.

Disability pension

If your work capacity is reduced due to illness or injury, you can apply for a disability pension from NAV. The amount paid is primarily calculated based on the person's income in the years leading up to the illness or injury. Individuals with low or no income before the illness receive a minimum rate, which is currently about NOK 295,000. Alongside a full disability pension, one is allowed to earn up to 0.4 G (the standard amount in the national insurance scheme), which today amounts to about NOK 50,000.

In 2023, about 10% of Norway's population was registered as receiving disability benefits, and many in this group experience isolation and loneliness. Participation in the workforce is an important part of people's social life and well-being, and the right to work in some form or another has been part of almost all major human rights movements over the past 100 years. Most people on disability pension initially want to work, and many can also work to a certain degree, but the regulations are so complicated that they become a deterrent. Especially people who are in the process of applying for disability pension struggle with this, as they do not have much experience with the rules yet. In the worst case scenario, this can lead to people who originally only want a partial disability pension still applying for a full disability pension because the regulations are too complicated. We have already seen that this leads to many with a full disability pension not daring to work at all, because they risk losing more in benefits than they have earned if they exceed the income limit of 0.4 G. The reduction in support can also come up to two years after the period when one exceeded the income limit, and many therefore no longer have the extra money. Some then have to apply for social assistance to cover necessary expenses or end up acquiring debt.

Many of those who take the risk of combining work and disability benefits, still face many challenges in the workplace. A good number of employers are reluctant to hire people on disability pension due to the costs of accommodations, in addition to the need for more part-time positions instead of a full-time employee. Having a higher number of employees usually entails higher administrative costs. Furthermore, many with reduced work capacity have a more unpredictable life situation and need more flexibility in their working hours than many employers are willing to offer.

Digitalisation in NAV

In recent years, more and more of NAV's solutions have been digitalised. This has been positive in many areas and improved the interaction with and experience of NAV for many. At the same time, it has worsened for those who were most vulnerable before, and for this group, NAV is perceived as increasingly inaccessible. This applies especially to people with weak Norwegian language skills and digital skills, who find it challenging to be met by a telephone system with menu options and automated responses or to talk to a stranger over the phone. NAV's websites require a digital BankID to log in to internal pages and fill out applications, which many in this group do not have. On the websites, one also has to navigate independently to find out what kind of support one is entitled to.

This development is happening simultaneously with local NAV offices either being completely closed or having very limited opening hours. A 2022 report surveyed 70 NAV offices and found that 49 of them were available to the public for six hours or less in one week. 11 of the 70 were not open at all – if you wanted to talk to someone there, you had to book an appointment in advance, either online or over the phone. Furthermore, in the locations that are actually open to the public, the advisors working there do not have authorisation to access the cases of the users who come in. As a result, the advisors and the local offices function as a kind of intermediary that only helps users navigate the digital system, which likely is not the most ideal use of NAV's resources.

This digitalisation of the application process has led to a significant change in NAV's practice; the legal responsibility now lies with the user. A report by SINTEF on digital exclusion in NAV reported some cases where users had lost benefits for several months due to errors in submitting various documents and applications. This has had significant consequences for both the housing and family situations of those affected. Ida Bring Løberg, a researcher at NAV, is one of those who have expressed concern about the increased digitalisation:

“

“We have a tendency to see digitalisation as something neutral. But there is great power in the hands of IT developers. They are supposed to translate social policy into digital solutions. Their understanding of the welfare state will determine the design of digital administration.”

”

This is exemplified by NAV's websites, where the language is very technical and complicated. It can be difficult to understand what one is actually entitled to, and if one

manages to submit an application, it can be very difficult to interpret the decision that comes in the end. Some users also say that it sometimes seems as if even the employees have not received sufficient training in the use of digital tools.

Parts of the case processing have also been completely automated; in 2022, a news story circulated about a person who had their disability pension reduced without warning from NAV. The decision was made automatically, based on automatically collected data. Although there have been proven errors in collecting information in similar situations, the user was not notified of the reduction, and there was never a human caseworker involved. It was concluded that NAV indeed does have an obligation to notify users of such decisions before they take effect. NAV's response was to "initiate regulatory work to obtain a legal basis for not notifying users."

05. THE CONSEQUENCES OF POVERTY

In Norway, great emphasis is put on the idea that everyone should have equal opportunities, regardless of background. Still, the gap between the rich and the poor in Norway is steadily growing. The number of billionaires in the country has increased significantly over the past ten years, and the differences between the rich and the poor have widened.

In the previous chapters, we have already touched on some of the potential consequences of living in poverty. In addition to financial worries and the stigma many experience, there are also several physical consequences. For instance, high levels of daily stress often lead to increased consumption of tobacco and alcohol, which are harmful in many ways. Low income can also have more indirect health effects, such as poor living conditions or difficulty maintaining a healthy and varied diet. Overall, the 10% of the population with the lowest income are five times more likely to die prematurely, according to a recent report from the Norwegian Directorate of Health. These are very serious numbers.

Social exclusion

A life with persistent low income also creates a barrier between individuals and the society around them. The lack of financial resources can limit participation in social activities, cultural events, and access to community. This leads to a number of cases of social exclusion, where some individuals feel isolated and left out of the opportunities and benefits society has to offer. This, in turn, can negatively affect self-esteem and reduce belief in one's ability to make positive changes.

This social exclusion is particularly evident among children who grow up in poverty. Some, for example, do not have the opportunity to participate in organised extracurricular activities due to their parents' financial situation. For these children, the socioeconomic gap between themselves and other classmates, who can develop their interests through extracurriculars, becomes clear. A report from the Red Cross has also shown that children experience social exclusion at school. If, for instance, they wear worn out or not fully clean clothes, it becomes obvious that the family is struggling financially, and the children may feel left out. As children grow older, the pressure surrounding clothing increases, and the differences become even more pronounced. This may seem insignificant to many adults, but the children usually experience it as very serious and important.

According to a study by the Norwegian Institute of Public Health, poverty also affects children's mental health. The study reveals that children in households within the lowest income bracket are three to four times more likely to be diagnosed with mental

disorders compared to children in affluent households. This difference is particularly significant among boys.

06. HOW CAN WE REDUCE POVERTY?

Recent measures

Due to increased awareness of poverty in Norway over the past couple of years, the government has taken important steps which have somewhat eased the burden for those struggling the most. As mentioned, child benefits have been increased on several occasions, and the maximum price for daycare has been reduced. From September 1, 2024, child benefits were further increased for children over the age of 6, meaning the amount is now the same for all children from 0 to 18 years old. This has been a significant boost for families with children. Additionally, the dental health reform has been continued and expanded, enabling more people to afford maintaining good dental health. This has a significant impact on people's overall health and quality of life and can also boost self-confidence, which is important for things like integration into the labour market.

When presenting the revised national budget on May 14, 2024, the Minister of Finance announced additional measures likely to have positive effects, including increased funding for NAV. With proper management, this can have a positive impact on both processing times and the quality of services.

Furthermore, additional funding has been allocated to Fontenehus Norway, which provides increased support for civil society. Volunteering has increasingly been playing a role in reducing social inequalities in the country. As mentioned above, it is often civil society that organises things like food distribution and clothing donations. Many volunteer organisations also have programs where they assist people in interpreting decisions from NAV and applying for benefits they are entitled to but may not be aware of. Increased funding for civil society is therefore a measure that should not be underestimated.

Finally, the government recently introduced a new educational law that gives all students the right to complete upper secondary school, no matter how long it takes. Previously, pupils were entitled to only three years of education. This will likely help many who are at risk of ending up outside of the workforce by ensuring they can gain the skills they need to work in a field that interests them. Giving more people the opportunity to have a job they enjoy is a relatively simple but very important way to combat poverty.

Suggestions for future action

While these measures are a positive step towards poverty reduction in Norway, there is still a long way to go. The need for targeted measures to maintain a functional welfare state which supports the most vulnerable is becoming increasingly apparent, especially during a time of rising food prices, uncertainty in various parts of the world, and the rise of extreme and undemocratic political movements in Europe. In addition to this, electricity bills are expected to increase by up to 30% due to rising power grid fees, and most economists predict that there will likely be no reduction made to the policy rate in the near future. Below are concrete suggestions for specific measures that could help reduce poverty and social inequality in Norway.

The municipal housing sector should move away from market-driven rent and return to government-regulated rent. Previous measures have focused on helping those who are struggling the most – this has worked in the short term, but inflation eventually catch up. A better solution would be to regulate the rental market in general. Furthermore, the third housing sector – between municipal and private, run by nonprofit organisations – should be expanded. It may also be worth considering increasing the number of professional commercial landlords; the most important factor is that they understand the law and can be held accountable for violations.

The rates for minimum income should be significantly increased following the recommendations in the SIFO report. Additionally, guidelines should be developed that allow caseworkers to take a more holistic view of each user's situation. If someone needs a car, for example, this should be taken into account in order to avoid social assistance becoming a poverty trap. It should also be ensured that the rates are adjusted annually, relative to general price and income increases in Norway. This applies to all forms of welfare schemes, such as child benefits. The rates for certain types of income security, such as disability benefits, are negotiated annually, but even these rarely see the same percentage increase as ordinary wage earners. The rates for minimum pensions should receive a significant increase regardless of negotiations, to lift recipients above the poverty line.

Additionally, the income limit for disability benefits should be significantly raised. Another good measure to make people with disabilities more attractive to employers could be to reduce the employment fee when hiring individuals with disabilities. It is also important to follow up with those receiving disability benefits in a way that sets expectations without creating suspicion – the most important thing is that everyone has the opportunity to engage in activities that suit their situation. Finally, the system

should be restructured to focus on users' potential rather than what they are unable to do.

HOW CAN WE REDUCE POVERTY?

Regarding digitalisation in NAV, there should be a more thorough investigation to determine which welfare schemes are suitable for automatic case processing. This could work well and improve efficiency for less complicated schemes like child benefits, which is a universal scheme, but for more complex schemes like disability benefits, the potential for serious errors is far greater. The language used in NAV's digital services should be simplified and available in more languages.

A strong welfare state

Overall, NAV is one of the most important tools in the fight against poverty in Norway. Therefore, it is crucial for poverty reduction that NAV is strengthened, both in terms of staffing and competence. First, more counsellors should be hired to enable a more thorough follow-up of each user. These counsellors should receive regular and updated training, with opportunities for further education, so they can stay informed about laws, guidelines, and best practices.

To improve accessibility and communication, local NAV offices should adjust their opening hours to meet users' needs, including evenings and weekends. At the same time, digital services should be enhanced to make application processes easier and more accessible to those who have access to and are skilled in using digital tools. Clear communication channels should be established to avoid misunderstandings.

Individual follow-up is key to a functioning NAV. Each user should have a regular counsellor to maintain continuity and trust throughout the process. This can be further strengthened by developing individual activity plans tailored to each user's needs and goals. Early intervention and preventive efforts are also crucial. By identifying at-risk groups early, NAV can offer assistance before the situation becomes critical, which can be a determining factor in both preventing poverty traps and maintaining users' trust in the welfare state. Therefore, preventive programs aimed specifically at young and vulnerable groups should be implemented.

For NAV to provide good follow-up and support to users, fair distribution of financial resources must be ensured. User participation is crucial and must be strengthened; users should be actively involved in the design of services to a much greater extent than today. User representatives in this process should be offered training so they can

provide more relevant input at both local and systemic levels. Moreover, NAV's internal procedures for following up on this input should be improved.

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