

## Tackling unemployment and child poverty

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### Tackling unemployment and child poverty in Norway

Norway has enjoyed both low levels of unemployment and low levels of poverty during the course of the last few decades compared to many European countries. The Nordic welfare model is characterised by a relatively large redistribution of wealth through its income tax system, its universal welfare system, a comprehensive, publicly financed education system and an active labour market policy. Nevertheless, the last ten years have seen a growing awareness of poverty as an issue in Norway.

Until a decade ago the term poverty had been noticeably absent from public debates and the generally consensus was that strong focus on equalizing measures and improving living conditions had helped abolish the problem it may have once represented. However, poverty found itself back at the centre of the political agenda and as a result of this, the government presented in 2002 a plan of action with the purpose of combating poverty (St. Meld. No 6 (2002-2003)). Since 2003 the yearly national budgets have consequently included a 'poverty package', where resources have been specifically allocated to fight poverty. Additionally, in its Government declaration, the coalition government elected in 2005 promised to *eradicate* poverty (The Soria Moria declaration 2005), and in 2006 an action plan to combat poverty was launched (St.prp. no. 1 (2006-2007) appendix). In 2008 the action plan was reviewed and new priority areas and measures were proposed (Action Plan against Poverty. Status 2008 and intensified efforts 2009) and in 2009, these are based on three objectives:

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

### Tackling unemployment

The Norwegian government's main strategy for reducing poverty is to give more people access to the labour market. To do so, the government's goal is for the new qualification programme to equip more people for employment and thus reduce the number of long-term recipients of social assistance. The qualification programme was introduced in 1 November 2007 and is being phased in parallel to the establishment of the new labour and welfare offices.<sup>1</sup> An important point made during the preparation of the programme was that the choice of instruments should be determined by the individual user's need for assistance and not by the benefits scheme or target group to which he or she belongs. The target group consists of individuals who have a

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<sup>1</sup> The Norwegian Labour and Welfare Administration (NAV) was established on 1 July 2006 as a result of a welfare reform. Staff from the Norwegian Labour and Welfare Service and the local authority work together at the NAV offices to find good solutions for their users. Local authorities and NAV offices in the relevant county sign a cooperation agreement describing what services the local office shall offer.

considerably reduced working and earning capacity and receive no or very limited social security benefits on which to live. The aim is for more individuals to enter employment and the programme is offered to those who are considered able to gain a foothold in the labour market after closer and more binding follow-up, even when their progress may be slow and uncertain. The programme is implemented by the municipality itself and administered by the local labour and welfare office. Labour market measures are key elements in the qualification programme, where the labour and welfare authorities use a broad range of measures including follow-up, qualification programmes and job training.

The possession of basic skills contributes to inclusion in working life, a secure income and social participation in a wider array of areas. The education system is therefore an important instrument for reducing poverty and marginalisation and for social cohesion. Over one quarter of young people in Norwegian upper secondary education leave school without occupational qualification or for pursuing higher education. These young people are consequently more vulnerable to poverty and marginalisation. There is also a strong association between parents' educational attainment and children's completion of upper secondary education (Markussen et al 2008). In autumn 2006, the Government presented the white paper 'Early intervention for lifelong learning' (St. meld No.16 (2006-2007)) in which it is stated that when social disparities increase, efforts to counter these disparities in the education system must be intensified. The white paper presents the Government's policy directing the ways in which the education system can promote social cohesion. The measures proposed in the white paper are intended to ensure that the individual's needs are met at every level in the education system.

### **Combating child poverty**

Combating child poverty also ranks high in the action plans against poverty. The authorities have introduced a range of measures for the reduction of poverty, along with a definition of how poverty is to be understood, defined and measured within the Norwegian context (Fløtten & Nuland 2007). The fight against child poverty covers two aspects: On the one hand, the income situation of the families must improve and this requires measures directed towards the parents. This also includes a focus on employment and secure income. On the other hand, the fight against child poverty also involves alleviating the possible negative consequences of living in families with low income. One needs to assure that children from poor families have the same opportunities as any other children to participate and to be included in ordinary peer group activities.

Poverty doesn't affect people at random. Among families with children living in poverty, most are single parent households. In addition to this, it appears that more children of non-western origins than ethnically Norwegian children live in poor households (Tvetene 2006). The most common cause of poverty is unemployment, and it is poor educational background that is the most common cause of unemployment (Ibid.). Within the Norwegian context there are many arrangements directed towards securing the income of families with children. An emphasis on work, full employment and high female labour force participation, social rights based on citizenship rather than family status and employment, a willingness to sustain high taxes and substantial government support for families are among the factors that are highlighted to explain the comparatively low rates of child poverty in Norway (Innocenti 2005). Even though the poverty rate is very low, the Norwegian government has sustained the focus on the problem and several programmes have been introduced to alleviate the negative consequences of child poverty.

The Ministry of Children and Equality has for many years supported initiatives aimed at children, youth and families affected by problems associated with poverty. The municipalities/city districts can, among other things, apply for funding for programmes that will increase/improve the possibility of social inclusion among children and youth from poor families, and for programmes that improve the possibilities to find work for youth with poor or no relevant educational background. In order to devise good policy and enhance efforts in this fight, the Ministry of Children and Equality, the Norwegian Directorate for Children, Youth and Family Affairs and the Norwegian Directorate for Labour and Welfare have also invited the child welfare services and municipal social welfare offices to join a strengthened partnership/cooperation for improving the welfare and protection of children and families. These two specific initiatives important in the current Norwegian efforts to combat poverty among children are:

- Measures for children and youth in urban areas;
- Competence-building and development measures for the child welfare and the social welfare services to prevent and reduce poverty among children and youth.

Altogether more than 50 (out of 430) municipalities are involved in the initiative to combat poverty among children. In the *Measures for children and youth in urban areas*, municipalities participate by applying for funds, while in the other initiative the municipalities participate by invitation from the central government. The efforts have been targeted at local authorities that face major problems associated with living standards and high levels of child poverty. The local authorities have focused their work on two main areas in particular: holiday and leisure activities for children, young people and adults, and initiatives that can engender the involvement in the labour market of young people with little or no qualifications. The work against poverty will be continued and increased. Both initiatives are presented in more detail below.

- **Measures for children and youth in urban areas**  
This grant scheme has been in effect since 2003. The scheme covers 23 urban areas and seven city districts of Oslo. Youth groups, city districts, voluntary organisations and public and private sector agencies and institutions are eligible for grants. In 2009 altogether 50.7 million NOK were allocated, of which 31.5 million NOK were targeted at concrete measures towards children, youth and families experiencing poverty.<sup>2</sup> The targeted grants are allocated to cities and areas with more and accumulated living condition problems.
- **Competence-building and development measures for the child welfare and the social welfare services to prevent and reduce poverty among children and youth**  
Since 2006, grants have been given for competence-building and development measures in an effort to prevent and reduce poverty among children and young people. This measure was initially targeted at the children welfare services since the workers in the related offices identified poverty as an important aspect on which increased focus was necessary for the welfare of children. Special focus is now therefore given to establishing programmes enabling all children and youth to take part in extracurricular activities, and for them to experience vacation and holiday trips regardless of their parents' financial situation, education, ethnic origin or geographical location. The ministry of Children and Equality have had close cooperation with the Norwegian Directorate for Labour and Welfare in the fight against poverty among children since 2005. The directorate itself, has a similar project targeting the social welfare offices where the municipalities in the

<sup>2</sup> <http://www.regjeringen.no/nb/dep/bld/pressesenter/pressemeldinger/2009/50-millioner-til-tiltak-for-barn-og-unge.html?id=554734>

Ministry of Children and Equality initiative also take part. And for the purpose of this project, the directorate is in close cooperation with the Norwegian Directorate for Children, Youth and Family Affairs. During the period 2006-2008, 85 children welfare offices or social welfare offices received grants from the scheme. Through this initiative, the social welfare service offices are committed to working closely with the child welfare services and other parts of the local public services in order to initiate successful and inclusive projects. The intention is to initiate programmes in relations to social welfare and the pre-emptive work towards families that are considered at risk, and to develop new patterns and structures of cooperation to improve the availability of programmes for families with children in the local public services. In other words, these programmes aim to bring together various actors in local communities and society at large to initiate results that will compensate for the social consequences faced by children and youth due to their families' precarious financial situations or due to living below the poverty threshold.

In terms of policy design, combating child poverty is an example of a national political plan devised by the ministry to be implemented locally through the cooperation of several disciplines of the local apparatus. This plan has also been a multi-disciplinary effort at central government level; a close cooperation between The Norwegian Directorate for Labour and Welfare and The Norwegian Directorate for Children, Youth and Family Affairs. The effort to combat poverty among children is also a good example of social policy where the central government allows for subsidiarity in refining the details of programmes locally. It has been important to make this effort multi-disciplinary both locally and centrally, and to give incentives for developing improved collaboration structures not only between local authorities (for instance between the child welfare services and the social welfare offices) but also between the local authorities and local NGOs.

## **Assessment of the possible relevance of a city strategy for tackling unemployment and child poverty**

First of all, the city strategy in the United Kingdom stands out as a very interesting policy aiming at tackling unemployment and child poverty. The Norwegian experience, in line with experiences across Europe, shows that problems and difficulties of people who are unemployed and living on poverty are mostly the result of a number of reasons. Different measures have to be taken to combat the different origins of unemployment and poverty to achieve inclusion.

Just like the British policy shows, it is important to engage local authorities and fostering local partnerships is most important in order to find integrated answers through training and employment schemes tailored to local needs. The experience in Norway regarding combating poverty among children has shown that one of the most important achievements of government measures has been to enhance municipalities' poverty awareness. Reaching the goals of eradicating poverty and full employment is conditioned by local attention, knowledge and commitment in the municipalities, and establishing local partnerships that will help instigating this conditional framework. In Norway the central government, central agencies and municipalities are the main actors of the fight against unemployment and poverty. However, there is an increasing cooperation at local level with voluntary organisations in the delivery of low threshold schemes. Lessons from the United Kingdom can certainly be useful for the purpose of further developing this type of cooperation in Norway.

For Norway, increased knowledge of policies that take into the consideration of the spatial dimension is of relevance. In spite of being a country with small cities compared to the United Kingdom, there are clear divisions within Norway's major cities when it comes to living conditions, unemployment and poverty. The recent living condition survey of Oslo found that there were clear divides, both between and within city districts, when it came to levels of unemployment and poverty among children indicating the potential presence of cycles of deprivation and other barriers trapping people in joblessness and poverty (Bråthen et al 2007, Nadim 2008).

## **Assessment of similarities and differences with British policies for tackling unemployment and child poverty**

Norway has had several similar initiatives as part of the Action plan against poverty. The logic of many Norwegian initiatives has been that the central government establishes the goals for the policy and provides the funding, while the municipal services implement the policy. As a result of poverty ranking high on the political agenda, and fighting unemployment being recognized as the key to fighting poverty, there has been increased funding provided to municipalities in addition to projects and grant schemes available to them to be used for targeted measures. Similar to the experience described in the host country report, and the discussion paper, this type of organisation challenges local autonomy. It can be argued that these policies are the delivery of government policy rather than development of local policy. However, it is a measure allowing for the transfer of competence and of more autonomy to the local authorities through the process of making national policy fit with local challenges.

In Norway, as is the case with the United Kingdom, there has been an increased effort to engage employers in the policies tackling unemployment. However, in the Norwegian case, most of the attention has been given to public sector employers and sheltered businesses.

As is also the case of the United Kingdom, Norway is undergoing a welfare reform, reorganising the social security offices and unemployment offices into a common organisation, the Norwegian Labour and Welfare Service (NAV), where the staff from NAV and the local authority work together at the NAV offices to find good solutions for their users. Norway is still in this process, and there is much discussion about local organisation and issues concerning competition, co-operation and sharing/division of responsibilities. The logic behind pulling these resources together and creating 'one door' for the users has been put forward as an important aspect, however, combining organisations with different working cultures and professional backgrounds is a sizeable task, which, once accomplished will take time to settle in and work according to plans.

By contrast with the policy of the United Kingdom as presented in the host paper, the focus on child poverty is very much present in the Norwegian discussion. Having a long-term strategy to tackle unemployment also means combating poverty among children and youth that should include measures to give all children a sound and more equitable foundation for development and learning. Mastering basic skills and ensuring that children are active in society might ease the path to inclusion in working life, a more secure income and broader social participation.

## Assessment of the potential transferability of the policy to Norway

Norway already has a number of programmes and measures in place to tackle unemployment and to combat child poverty, as laid out earlier in the comments paper. As stated in the discussion paper by Vranken, activation of individuals in situations of worklessness, inclusion of the actions into a larger framework, partnerships between a multitude of actors, devolution from the central to the local level, interaction with the spatial dimension have all been subject in longstanding initiatives in Europe, including Norway. Nevertheless, there are lessons to be learned and the potential for a transfer of policy to Norway.

- Increased awareness of the spatial dimension, and tackling pockets of worklessness and poverty;
- How do develop more commitment among employers to tackle social exclusion;
- How to engage voluntary organisations in local partnerships, and how to enable data sharing, setting common priorities and targets and agreeing on a unified approach;
- How to integrate and involve those who stand far from the labour market in an economic recession with rising unemployment figures.

The economic recession only increases the relevance of setting unemployment and poverty high on the agenda. Localisation by tackling localised pockets of worklessness with actions appropriate to the needs of local areas and the individuals within them through increased local partnership is a policy that would be relevant and closely linked to several initiatives in the Norwegian Action plan against poverty.

## Measuring the success of these policies in Norway

Evaluation has been important as part of the Norwegian initiatives. The qualification programme in Norway has only just been initiated, but there are several evaluations of active labour market policies. One challenge in evaluating such programmes is that there is often quite a large difference among the target groups, yet, the programmes are not always talked about or discussed in a differentiated manner (Van der Wel et al 2006). There are also few evaluations focusing of the effect of programmes targeting the 'hard-to-help' groups.

One Norwegian article focused on evaluating effect of active labour marked policy (Dahl & Lorentzen 2007). It was found that there is often a positive selection of participants into programmes, and thus, success rates of programmes are often affected by the fact that participants are those closest to the labour market. The Norwegian policy tackling unemployment is supposed to target long-term recipients of social assistance, and it is known that 60% have reduced mental health and 50% struggle with alcohol or drugs. Yet, the article finds that these groups rarely participate in such programmes (ibid.). The programmes showing positive effects most often are programmes with several components that are often chained, long-term and costly. In selecting participants, it is likely that social workers select unemployed most likely to succeed rather than those in the 'hard-to-help' groups. With the programmes giving good results in terms of getting people into work, the risk to strengthen programmes to fit a group they were not designed for. It also raises the question of setting relevant goals. For the 'hard-to-help' groups

it might be that the effect should be measured based on aspects other than employment and salary, and that the activation itself should be the goal, as the alternative is to be passive recipients of social assistance.

The evaluation of the policies to combat poverty among children is not yet completed, but underway. Two Norwegian research institutes, however, NOVA and Fafo, have been involved in this evaluation effort, and have given input to the participating municipalities. Additionally, the Ministry has stressed the importance of municipalities completing internal evaluations of the programmes they themselves implement. The ministry has used a common standardized form for feedback for annual reports from all municipalities participating in the effort in order to identify measures and outcomes. Researchers in the field developed the standardized forms in close collaboration with the municipalities involved, the Ministry and the two directorates. The use of one single form for all municipalities will of course allow for easier and more effective comparisons. Whether the programmes and measures implemented will have an effect on the children/youths on a long term basis is, however, difficult to assess. Likewise it is difficult, if at all possible, to assess whether such efforts have the desired effect on breaking the pattern of poverty for children. What can be said at this point is that the effort seems to have the effect that the municipalities involved strengthen their effort to combat child poverty and that there is an increased focus on the problem across different sectors of local government.

## **Key issues and main questions proposed for debate at the review meeting**

- Is it realistic to only have employment as a goal in the programmes, or should activation and social inclusion be looked to as equally important outcomes? Although policies can be tailored to local needs, is it realistic that all people can enter employment through skills development and training programmes?
- Child poverty is an important target but not present in the documents. Although child poverty is related to the income of the parents, it is important to also include measures to relieve the children and youth growing up in poor households of the effects of poverty. In order words, also include the aspect of social inclusion. This can have a long lasting effect on the well-being of children, making them equipped for the future.
- Little research exists in Norway on the societal consequences of early drop-out of school, despite it being an increasing issue. For this reason, Norway would like to look to other countries in order to gain insight from their research, knowledge and experience.
- Participation of voluntary organisations.
- How to enable user participation in the development of policy, and define the goal and clarify what we mean by successful user participation.
- How to enable cooperation and partnership across sectors, and enable data sharing and avoid competition regarding ownership of the programme.
- Discuss the use of (Inter)national cooperation and meeting places such as (inter)national conferences, learning from each other, creating a setting where the different projects can discuss success criteria and challenges based on experience in their own community.

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