

## **NORWAY Country Summary**

### **Introduction and Overview**

According to a report prepared by the Norwegian Ministry of Children and Family Affairs, Norway has an explicit family policy and one that is closely connected with its gender equality policy (Ministry of Children and Family Affairs, 1999; OECD, 1998). The objective is to make it possible for men and women to participate in the workforce on an equal basis and to share in family work at home, at the same time. An important political objective is to ensure support for family life and time for children at the same time as gender equality in the workplace is protected and achieved.

In a study of "Family Change and Family Policies in Norway," Kohlberg and his colleagues describe the development of Norwegian family policy as dating from World War I and the inter-war years, beginning first with a stress on providing wage supplements to male breadwinners, so that their wives could stay home and take care of their children (Kohlberg, et al, Forthcoming). Subsequent developments emphasized a "mother's wage" model assuring women of the right to stay at home, supported by a cash benefit rather than by a "family wage" for their husbands. Still a third stream stressed a policy targeted on poor families with children. They argue that Norwegian family policy has developed as a result of all three streams, while others insist on the greater importance of gender equality. In any case, all agree that from the 1970s on, regardless of political party and ideology, family policy was shaped by the increase and promotion of the two-earner family.

Norwegian family policy is characterized by the following:

- Its early beginning;
- Its child orientation;
- Its universal policies and programs;
- A growing stress on service provision;
- The strength of the voluntary sector ;
- The strength of interest group advocacy;
- Its relatively late, but successful institutionalization.

Kohlberg, et al (Forthcoming) also note that Norway "represents a paradox in terms of family policy" (Kohlberg, forthcoming, p. 6). Despite remaining a traditional society through the early twentieth century, supporting husband/wife, one-earner families headed by a man, it was a pioneer in protecting children born out-of-wedlock and in placing gender equity issues and child policies high on the national political agenda. It was also at the forefront of those countries providing formal government structures in support of gender equity and children, including an ombudsman for children and a Ministry of Children and Family Affairs with responsibility for child and family policies.

Norway's cash family benefits are unusually generous, however, Norway was late in its development of an extensive system of early childhood education and care services (ECEC), and thus in facilitating female labor force participation. However, it has progressed rapidly in the last decade and women's labor force participation rates are now on a par with those of the other Nordic countries (although its labor force participation rates for single mothers remain relatively low). Family benefits constituted about 3.6 percent of GDP in 1995.

By now, Norway has established a series of "basic rights" for children and their families including several cash benefits, paid and job-protected leaves from work at the time of childbirth and adoption, and ECEC services, all designed to make it possible for parents of young children to work outside the home while making a strong commitment to child rearing, and to contribute to equality between men and women.

## **Government Agencies**

The Ministry of Children and Family Affairs is the agency with primary responsibility for child and family policy and cooperates in a variety of ways with several other ministries, including: (1) the Ministry of Education, Research and Church Affairs, which is responsible for ECEC, special education for children under compulsory school age, the education of preschool teachers at the colleges, and the education of youth and child workers in upper secondary education; (2) the Ministry of Health and Social Affairs which is responsible for the local maternal and child health centers and the monitoring of health and safety regulations regarding ECEC facilities; and (3) the National Insurance Agency (like the Social Security Administration in the U.S.), which has responsibility for the several social insurance benefits that children may be entitled to, including the child allowance, the guaranteed child support (advanced maintenance) payment, the maternity and parenting leave benefits, and the transitional (lone parent) benefit.

Norway has three levels of government: the national government with sixteen ministries plus the Office of the Prime Minister; 19 counties, each led by a governor appointed by the national government; and 439 local authorities. In general, there is a high level of decentralization to the local authorities who have primary responsibility for primary health care, child welfare, ECEC services, and primary and lower secondary education.

## **Demographic and Other Social Trends**

Norway's demographic and other social trends are similar to those of the Nordic countries and at the forefront of such developments generally in the advanced industrialized countries. Thus, women's average age when they have a first child has increased, its marriage rate is declining, cohabitation outside of marriage is increasing, its rate of out-of-wedlock childbirth is rising, its aging population is increasing while its population of children is decreasing. In 2000, Norway had a population of 4.5 million. Children (aged 0-15) constituted about 20 percent of its total population and the aged (65 and older) 16 percent, a pattern similar to that of UK, France, Italy,

and the other Nordic countries (OECD, 2000b). Norway has a relatively high fertility rate by European standards-1.9-compared to 1.45 in the European Union and 1.7 in the 29 OECD countries.

Almost half of all births occur outside of marriage (49 percent in 1996) double the EU percentage, and only equaled by other Nordic countries. Most of these are to cohabiting but non-married couples. In 1999, about 22 percent of families with children were headed by a lone parent, overwhelmingly a mother, a rate that is similar to the UK, higher than the EU average, but significantly lower than the US; and 22 percent of children lived in these families.

Its female labor force participation rate at 76 percent in 2000 is well above the EU and OECD average (60 percent) and maternal employment rates are high as well. In 1996, 72 percent of women with children under age 3, 77 percent of those with children aged 3-6, and 80 percent for those with children aged 7 and older. Seventy-nine percent of married women with children under age 6 are in the labor force but more than half of these (54 percent) work part-time(OECD, 1999)

## **Social Protection**

Norway is a physically large country with a very small population of about 4.5 million people in 2000. It is a relatively homogeneous country in terms of population and religion and has a high economic standard of living, the result of unusually high rates of economic growth in the post-World War II period related in part to the discovery of oil off its coast. In 2001, its per capita GDP surpassed all OECD countries except Luxembourg, and the US. When comparing countries by purchasing power parities, Norway still ranked third, ahead of all other Nordic countries, but behind the U.S.

In 2000, Norway spent 25 percent of GDP on social protection, below the EU average (28 percent), but spent 14 percent of the total on child and family benefits, almost double that of the EU average (8 percent) (Eurostat, 1999).

Norway's welfare state is a post World-War II development, drawing on a combination of labor market policies and the expansion of social policies generally. According to Kohlberg et al, (Forthcoming) the early welfare state was biased towards the provision of cash benefits. However, they were not very generous initially, eligibility criteria were restrictive, there were no work disincentives, and service provision (ECEC) was negligible. All of this has changed over the last three decades: eligibility for benefits has been extended, benefit levels raised, and public ECEC services have become far more available, Norway has become a far more "typical" Nordic country, one in which both social protection broadly and family policy in particular, both cash benefits and services, have become extensive and generous.

At 3.9 percent, its child poverty rate (children living in families with incomes below 50 percent of median income) was the second lowest in a group of twenty-three advanced industrialized countries, higher only than the Swedish rate of 2.6 percent, as compared with the US ranking of

22<sup>nd</sup> and its rate of 22 percent (UNICEF, 2000). Several factors are suggested as accounting for this low level of child poverty, including: a strongly redistributive tax and transfer system (reducing pretransfer poverty from 13 percent to less than 4 percent), especially important for children living in lone-mother families; a high proportion of children living in two-parent, two-earner families; and a low unemployment rate (4.1 percent in 1997) (OECD, 2000b, 1999). Between 9 and 13 percent of Norwegian children experience problems that require some kind of contact with the child welfare system, counseling services at school, or child and youth psychiatry.

## **Child, Youth and Family Policy Regimes**

### Maternity, Paternity, Parental, and Family Leaves

These are job-protected and paid leaves at the time of childbirth or adoption, financed out of contributory social insurance payments (payroll taxes) and administered by the National Insurance Agency. Maternity leaves and benefits were enacted first in 1956, providing a 10-week leave for a working mother, extended in 1971 to 12 weeks, and in 1977 to 18 weeks including some portion as a parental leave. The extension to one year and the inclusion of 4 weeks just for the father, were enacted during the 1990s, and the Time Account and the Cash Benefit Scheme were enacted in 1994 (Ministry of Children and Family Affairs, 1999; OECD, 1999, 1998; Kohlberg, Forthcoming).

The maternity leave is a compulsory 9-week leave, including three weeks of the parental benefit period (see below) prior to the expected birth and six weeks after birth, paid at the same level as the parental leave. (If the mother has not been in the labor force, she still is entitled to a modest lump sum, tax free, cash benefit).

The paternity leave is four weeks for the father which is available on a "use it or lose it" basis, paid at the same rate as the parental leave. Seventy-eight percent of eligible fathers take advantage of this benefit. In addition, even if the mother has not been in the labor force, fathers are entitled to a two-week unpaid but job protected leave (Ministry of Children and Family Affairs, 1999).

The *parental (or adoption) leave and benefit* lasts either 52 weeks with 80 percent pay or 42 weeks with 100 percent pay. The equivalent adoption benefit period is 49 or 39 weeks (the same as the maternity leave but minus the pre-birth period). Parents may share the leave and benefit between them. To receive the parental benefit, the mother must have been in paid employment for at least six of the last 10 months prior to the birth. Periods when the mother was in receipt of sickness benefits or unemployment benefits count as employment. As a result, infant care is largely parental care and there is little demand for out-of-home infant care services.

A benefit called "*Time Account*", also financed and administered by the National Insurance Agency, permits parents to take their parental leave and use it to work between half and 90 percent time, yet receive the equivalent of full pay, until their baby is two years old.

The *Cash Benefit Scheme*, like the Home Care or Child Rearing allowance in Finland, is a cash benefit for parents of children under age three, financed out of general revenue from the Ministry of Children and Family Affairs and administered by the local National Insurance offices. The benefit level is equal to the subsidy provided by the government for a child care place and may be used by a parent to remain at home to care for a toddler, with a supplement to family income or, if preferred, to purchase private in-home or out-of-home toddler care.

In addition, each parent is entitled to another year of unpaid, but job protected, parental leave.

*Family Leave* (sick child care leave) is an entitlement to paid time off from a job to care for an ill child under age 12 (or under 16 if a handicapped or chronically ill child). The leave is financed like sickness benefits through the National Insurance Agency, and paid at the same level. The leave lasts up to 10 days for one child, 15 days for two or more children, and 20 days for a single mother.

Civil servants are entitled to an unpaid, job-protected leave for three years to take care of a child, in addition to parental leave.

#### Early Childhood Education and Care (ECEC)

Norway is one of the 12 countries initially included in the OECD thematic review of early childhood and education and care (OECD, 2001).

All ECEC programs in Norway are called "barnehage". Barnehager (the plural) are part of a shared European (and U.S.) tradition, beginning in the 19th century as two parallel developments, one a full day program designed to provide care and protection for children with special or social needs and the second, a part-day early education program, following the Froebel model of the kindergarten, first developed in Germany, adopted in Norway as the barnehage or, literally, children's garden or kindergarten. Between 1953 and 1973 the programs were viewed largely as a child welfare service. The contemporary barnehage grew slowly until the 1970s when legislation was enacted in 1975 merging the two streams into a more comprehensive version of the barnehage. About 2 percent of children under age 7 were covered in 1970 in contrast to the present when about 60 percent of 1-5 year olds are in these programs; all 6 year olds are in primary school (compulsory school now begins at age 6), and the availability of the parental leave means that almost all infants are at home with a parent on leave. As recently as between 1993 and 1997 both demand and supply exploded, with the rate of coverage rising from 47 to 60 percent of the 1 to 5 year olds, now including half of the two-year olds, two-thirds of the 3 year olds, and three-quarters of the 4 and 5 year olds.

In Norway, all kinds of approved ECEC (barnehage) are under the auspices of the Ministry for Children and Family Affairs, receiving governmental financial support, regulated by the government, serving children from ages 1-5, and carrying out the dual function of education and care during parents working hours. Although municipalities have primary responsibility for providing ECEC, the national government has announced that by the end of the year 2000 all children whose parents wish it will have a place in either a full-day or part-day ECEC. The Ministry has primary policy-making responsibility for ECEC but local authorities are responsible

for delivery and partial funding. The national government provides 40 percent of the funds, the municipal government, 30 percent, and parent fees provide 30 percent. ECEC programs are universal and fees are income related. The delivery system is quite diversified with the formal, regulated, and subsidized *barnehage* including part-day and full-day centers, parent co-operatives, centers that are open to parents or caregivers along with children, and supervised family day care homes. The diversity of program types is far greater in Norway than in the other Nordic countries. Informal providers are not included in this system but most children by far are in the formal system. Centers are under both public and private auspices (the private are largely nonprofit), but about 60 percent are public. Groups are organized both by chronological age and as "sibling" groups (with mixed ages). Children with special needs, children from minority groups, children from troubled family situations, all have priority. There is a great stress on quality as assessed by staff:child ratios, group size, and staff qualifications and training; and parent involvement is emphasized as well, as a component of quality. An income-tested benefit is available too offset 70 percent of the costs of ECEC for modest income working families.

Legislation enacted in 1995 stated that the first purpose of the *barnehager* is to "provide children under school age with good opportunities for development and activity," and it is viewed as essential for good child development regardless of the employment status of the mother. In 2003 a debate emerged in Norway regarding a proposed shift in the ministry responsible for ECEC from the Ministry for Children and Family Affairs to the Ministry of Education (OECD, 2001).

Family or Parent Support services are also provided.

### Family Allowances

*Family allowance* is described as the most important financial benefit for families with children (OECD, 2001). The cash benefit was first enacted in 1946. It is universal, tax-free, financed out of general revenue and administered by the local National Insurance Offices. Initially, it was provided only to second and subsequent children but since 1970 it has been available to all children. Parents living in Norway with children under age 16 have the right to a family allowance, paid to the mother. Benefits are worth about \$1,500 a year for one child, and progressively more for each additional child. There is a supplement for children under age 3; one-earner families are entitled to an extra supplement, and lone parents are entitled to an allowance for one more children than they actually have. The benefits are not indexed but do tend to be adjusted regularly for inflation. In 1998, family allowances covered about half the consumption costs for a five-year-old in a modest income family, less for a teenager, and equaled about 5 percent of the income of an average two-parent, dual-earner family. For the average single parent, it represents a substantial share of their income (Kohlberg, forthcoming). Family allowances account for about 1.5 percent of GDP.

### Child and Family Tax Benefits

Tax payers are entitled to a refundable tax credit for a child under the age of 19 and an additional tax allowance (exemption) if they have children under age 12, to partially cover the costs of child care. Parents who can document childcare expenses are entitled to an extra child care tax allowance, and single-income families are entitled to an extra tax deduction.

### Child Support

According to Norwegian law, both parents are required to provide the financial support or maintenance of a child until the child is 18 or has completed his/her education, regardless of whether the parents are married or not. The amount can be agreed upon informally, but must not be less than the legally specified (public) advanced maintenance payment. The custodial parent has the right to have the support award collected and transferred via a special public authority. If the award is not paid or paid irregularly or inadequately, the social security agency can advance the standard minimum support award.

Child support policy was reformed in 1989 and as a result, placed under the authority of the Ministry of Children and Family Affairs. The support award has been turned into a formula: 11 percent of gross income for one child, 18 percent for two, 24 percent for three children, and 28 percent for four or more. However, the amount for one child cannot exceed five times the legally specified advance payment per child per month. The Transitional Allowance (see below), which is a social security benefit for lone parents, is also viewed as an "advance" and is supposed to be repaid by the father to the social security agency; child support (and advanced maintenance) count as income when assessing eligibility for the income-tested Transitional Allowance.

### Other Child Conditioned Income Transfers

The Child Pension is viewed as the replacement of what parents would have contributed to the child as part of their parental obligations. When a parent dies, the first child receives 40 percent of the dead parent's base pension amount and subsequent children receive 25 percent. When both parents are dead, the first child inherits the full survivor's pension and subsequent children receive a smaller amount. In addition, those receiving old age pensions are entitled to a benefit for each dependent child under 18. Furthermore, since 1992, pension credit is given to anyone who provides unpaid care for children under seven or for an ill or aged person whose care prevented the caregiver from taking paid work (Kohlberg, Forthcoming).

A Transitional Allowance is an income-tested cash benefit, provided a single parent whose youngest child is under ten years of age (recently reduced to when the youngest child reaches age 3). Kohlberg, et al describe it as " the most important component in the package of benefits to single parents, including education benefit, allowance for child care, and a special maternity grant on top of the maternity benefit/grants that are available to all expectant mothers"(Kohlberg, forthcoming, p. 68). Cohabiting couples with a child of their own do not count as single parents, but such a couple with a biological child of only one of the partners does. It may be viewed as a guaranteed minimum income equal to the minimum old age pension of the social security system, and is delivered by the National Insurance Offices. The concept is to assure the single parent of a stable income regardless of the ability or willingness of the non-custodial parent to pay. While receiving the transitional allowance, single parents are entitled to a benefit covering educational and vocational training costs, if needed to obtain employment.

Social (Public) Assistance is a means-tested, discretionary cash benefit provided by the municipality. Eligibility criteria, benefit levels, and duration vary from locality to locality. Although take-up increased in the 1980s and still remains high, lone-parent families do not

dominate the caseload as they do in several other countries, since they are largely protected by the Transitional Benefits.

### Child and Adolescent Health

Norway has a national health service with primary health care delivered at the local level and hospital care at the county or regional level.

The Municipal Health Act is the legal basis for the maternal and child health stations and also for the school health services. The maternal and child health stations are under the aegis of the local authorities and constitute the primary locus for maternal and child health care. They offer voluntary and free services including a screening program for evaluation of the child's development up to the age of six, immunizations, well-baby services, dental care, prenatal and postnatal care, midwifery, care for preschool aged children and disabled children. The main focus is on such national objectives as:

1. Health promotion and prevention, and
2. Information and advice regarding child health and nutrition and parenting and child rearing.

### Housing Benefits

There are no housing allowances in Norway but interest on mortgages are deductible from income tax obligations. Home ownership has varied across the population and over the years 1980-1995. Parents have higher shares of ownership than non-parents and more than half of all single parents were home owners in 1995, below the national average of 80 percent but far more than in many other countries (Kohlberg, Forthcoming).

### Youth

Norway's youth unemployment rate is very low, comparatively, at about 10-11 percent for both males and females, well below the OECD average and even further below the EU average.

Norway was one of the fourteen countries participating in the OECD thematic review, From Initial Education to Working Life--Making Transitions Work. For more detail on the transition to working life in Norway, see OECD's background report on Norway.

### Reconciliation of Work and Family Life

The reconciliation of work and family life is central to Norway's family policy. The underlying assumption of its family policy is that women and men are in the paid labor force, and that it is essential for the positive development of children and their parents that policies be enacted to support gender equity at the workplace, at home, and include a strong commitment to parenting and child rearing. Cash benefits, paid leaves, subsidized ECEC services, and the right to part-time work are all designed with this in mind. Perhaps the remaining obstacle is the short school day for children up to age 10, and the cost of ECEC programs, which although heavily subsidized, still constitute a problem for some parents.

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