

# ADEQUACY OF MINIMUM INCOME IN THE EU



EAPN EXPLAINER #2

2010





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This is the 2<sup>nd</sup> in a series of EAPN booklets called Explainers, which set out to “explain” key issues and debates, which are priorities within the EU poverty discourse, in understandable, everyday language. They are aimed primarily at people working in civil society organizations, but also to anybody who is concerned with how to make progress on reducing poverty and social exclusion in the EU. This series of Explainers are part of EAPN awareness-raising activities for the 2010 European Year for combating poverty and social exclusion.

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## What is minimum income?

‘Minimum income’ is the term usually used to describe the payment made by the state that provides a ‘safety net’ for people who cannot work or access a decent job. This ‘income of last resort’ or social assistance is a social right and one of the corner stones of the welfare state, and an essential basis to ensure the right to a dignified life for all. National schemes currently exist in most of the EU countries (except Hungary, Italy and Greece) and EFTA countries (except Norway).

Although the characteristics of minimum income schemes vary a lot from one country to another, one thing is clear: **existing ‘minimum income’ schemes are not** enough to take people out of poverty, nor do they address people’s real needs nor enable them to participate in their communities or society on an equal basis. In addition, minimum income schemes currently face multiple threats: rising prices are squeezing their purchasing power, active labour market policies are increasing the conditionality of benefits; people on minimum income are increasingly labeled as lazy and stigmatized for being in receipt of these benefits.

The right to an **adequate** minimum income is therefore a key demand from the anti-poverty movement: to ensure an acceptable and dignified standard of living for all. The current debate is focused on how a standard for minimum income could be developed and implemented across the EU.

## Why is adequacy important?

**There are strong arguments which support the need for a high level of minimum income:**

- *Minimum income schemes are a key instrument in preventing poverty and social exclusion, as long as the levels are sufficient to take people out of poverty.*
- *They give vulnerable people the long term security they need to engage in pathways to employment, greater social participation or other routes to inclusion.*
- *They ensure the social inclusion of people for whom employment is not an option, whether because of disability, long-term sickness or mental health problems, age or family commitments, or where quality jobs are not available.*
- *They are the catalyst for fair wages if wage levels are linked in a positive hierarchy to decent levels of minimum income.*
- *Member States have already committed at EU or international level to ensure adequate income, but the implementation of these commitments has been weak.*
- *Above all they provide a solid foundation for a socially cohesive society, built on solidarity*
- *In the current economic crisis, they not only prevent hardship for those without jobs but provide an essential floor to consumer spending to boost the economy.*

## Why an explainer on adequacy of minimum income now?

Since 1992 Member States (MS) have publicly committed to ensuring an adequate minimum income for a dignified life<sup>1</sup>. In December 2008, the EU Employment and Social Affairs Ministers endorsed the Commission Recommendation "Taking forward the active inclusion of people furthest from the labour market", which included:

1. *The provision of an adequate level of income support*
2. *A link to the labour market*
3. *Access to services and in particular social services*<sup>2</sup>.

EAPN is campaigning for the concrete implementation of these commitments. A series of activities were delivered by the Commission in 2009 to further the implementation of the Recommendation. This includes a **study on Minimum Income in the EU** developed by the EU network of national experts on Social Inclusion<sup>3</sup> and published in October 2009. National experts were asked to assess national Minimum Income schemes with regards to their coverage, adequacy and effectiveness as well as their role in integrated Active Inclusion strategies. The analyses in this report are close to EAPN's position and we strongly support the conclusions and recommendations contained in this report.

EAPN hopes that this report will be instrumental in the push for further progress on developing standards on Minimum Income at EU level, through the EU Social Open Method of Coordination...

Finally, in the context of the economic crisis, the EU has pressed Governments to recognize the dual role of social protection in cushioning the social impact and providing a lever to boost consumer demand, in its proposals for economic recovery<sup>4</sup>. This means that minimum income schemes are currently the focus of renewed interest from policy makers. On the occasion of the 2009 European Spring Council, MS agreed that "*building on solidarity and allowing social protection systems to fully play their role as automatic stabilizers are key to restoring and strengthening confidence and help pave the way for recovery*"<sup>5</sup>.

Today, poverty directly affects at least 84 million people in the EU. The economic turmoil is generating more unemployment and extending the number of people at risk of poverty. Minimum Income schemes that are set above the poverty threshold and at a level allowing for a decent life, would make a significant impact on the number of people at risk of poverty. Now is the time to ensure that minimum income schemes are provided in all Member States and at a level where people can live a dignified life and participate in the society.

1. See the Council Recommendations 92/441/CEE of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31992H0441:EN:HTML>
2. See EAPN's reaction to the Commission Recommendation on Active inclusion at [http://www.eapn.eu/index.php?option=com\\_content&view=article&id=548:report-of-eapn-seminar-on-active-inclusion-13-june-2008--paris&catid=42:eapn-policy-papers&Itemid=82&lang=en](http://www.eapn.eu/index.php?option=com_content&view=article&id=548:report-of-eapn-seminar-on-active-inclusion-13-june-2008--paris&catid=42:eapn-policy-papers&Itemid=82&lang=en)
3. Within the activities of the EU Social Open Method of Coordination, the network of independent social inclusion experts provides each year reports on each country and a synthesis report. See National Experts reports and the synthesis report *Minimum Income Schemes Across EU Member States, Synthesis Report* by Hugh Frazer and Eric Marlier, October 2009 on the Social Inclusion Peer Review website: [www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/minimum-income-schemes](http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/minimum-income-schemes)
4. See the [Communication from the European Commission A European Economic Recovery Plan](http://ec.europa.eu/economy_finance/publications/publication13504_en.pdf), November 2008 at: [http://ec.europa.eu/economy\\_finance/publications/publication13504\\_en.pdf](http://ec.europa.eu/economy_finance/publications/publication13504_en.pdf)
5. See the Conclusions of the March 2009 European Council at [www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/106809.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/106809.pdf) and EAPN reaction to the Spring Council Conclusions at: [http://www.eapn.eu/index.php?option=com\\_content&view=article&id=834%3Apress-release-spring-council-fails-to-give-an-integrated-social-response-to-the-crisis&catid=7%3Apress-releases&Itemid=100002&lang=en](http://www.eapn.eu/index.php?option=com_content&view=article&id=834%3Apress-release-spring-council-fails-to-give-an-integrated-social-response-to-the-crisis&catid=7%3Apress-releases&Itemid=100002&lang=en)

## What this explainer will tell you

Adequate income can come from a number of sources: wages, pensions, social benefits... EAPN defends the right to an adequate minimum income for a dignified life across the life-cycle, including decent wages and adequate pensions. However this booklet is primarily meant to give an introduction to the question of the **adequacy of minimum income from social assistance, not these other sources**, and will make only side references to wages and pensions issues.

We try to answer the following main questions:

- *What does adequacy mean? How is adequacy calculated? (Chapter 1)*
- *How adequate are the levels of current minimum income for people experiencing poverty in reality? (Chapter 2)*
- *Are there examples of good practices for better calculating adequacy? What are their strengths and weakness (Chapter 3)*

- *What is the way forward in policy making? (Chapter 4)*
- *How is adequacy addressed in the current reforms of national social protection systems? (Chapter 5)*

Obviously, the adequacy of an income level is highly related to the accessibility of key services on the ground. Relatively high levels of Minimum Income can prove insufficient in a context of expensive basic services. On the contrary, the affordability of basic services increases the purchasing power of low level Minimum Income schemes. Whilst the current explainer cannot address in detail the question of the accessibility of services, we will be looking at ways of assessing the concrete purchasing power of minimum incomes in given national contexts, which usually depends on the accessibility and quality of services.





# WHAT ARE WE TALKING ABOUT?

## DEFINITIONS, LEGAL BASIS AND REALITIES

### 1.1. Definitions

#### *Minimum income*

The vast majority of Member States provide Minimum Income **schemes**. These are basic ‘safety nets’ which are normally **non-contributory (i.e. do not rely on contributions arising from peoples’ wages), means-tested social assistance schemes** meant to guarantee an income for people who cannot rely on any other source of income. These schemes of last resort are a life line for the poorest in Europe. They should be at a sufficient level to allow more than mere subsistence, and should enable participation in society and be a basis for a stable life.

Minimum Income schemes differ from welfare states’ **contributory** sources of income, such as pension schemes and unemployment benefits, where financial contributions are deducted from employers and employees when they are working. In some cases, people may benefit from a minimum income support made of different strands of welfare and social benefits (for example in France the ‘revenu de Solidarité active’ is a complementary assistance: it comes on top

of other sources of income to ensure that people’s income reaches a minimum floor).

There is currently no precise common definition of Minimum Income for all Member States. Different titles are also given to these non-contributory and means-tested last resort schemes depending on the countries and regions. This is illustrative of the diversity of national social protection systems and policies. International and EU instruments refer only to general principles (see below), and use either the wording ‘income support’, ‘resources and benefits’: this reflects the difficulty of building a shared approach at EU level.

**Note:** Minimum Income should not be confused with **Minimum Wage**, which is a minimum level of salary fixed by the law or by collective agreements.

It is also different from the idea of a ‘**basic income**’, promoted by some researchers, which is an income granted unconditionally to all on an individual basis, irrespective of any income from other sources, without any work requirement. In the world today, the unique concrete example of a genuine basic income is the Alaska’s annual oil dividends scheme<sup>6</sup>.

6. For more information on the ‘basic income’ see Basic Income Earth Network website:  
[www.basicincome.org/bien/aboutbien.html](http://www.basicincome.org/bien/aboutbien.html)





## Adequacy

The notion of adequacy of minimum income as it is understood and used at EU level is defined in International and EU legal instruments.

The EU Commission Recommendation adopted in October 2008 states that “an adequate income support” should be **“sufficient to lead a life that is compatible with human dignity”**.

This Recommendation also restates the terms of a Recommendation adopted by the EU Council in 1992, which is a reference.

### A key legal basis: the 1992 Council Recommendation

The main reference in the EU context is the Council Recommendation 92/441/EEC<sup>7</sup> “on Common criteria concerning sufficient resources and social assistance in the social protection

systems”, issued at the end of the Poverty III transnational exchange programme. This Recommendation invites Member States (MS) to recognize “a fundamental right to sufficient and reliable resources and benefits, and to adapt their social protection systems accordingly”, according to the following common principles, the first being that this right is based on **respect for human dignity**.

The Recommendation goes on to detail how Member States should ensure the adequacy of these resources:

*“—the amount of resources sufficient to cover essential needs is fixed in line with the **living standard** and **price level** for different types and sizes of household;*

*Supplementary amounts to meet **specific needs** may be fixed (...)”*

Though constituting a strong incentive to develop minimum income schemes at national level, this Recommendation leaves the implementation to Member States, according to the principle of subsidiarity that is currently applied to social protection matters at EU level.

This 1992 Commitment has been reaffirmed by a “Commission Recommendation” adopted on the 17 October 2008, and endorsed by the EPSCO<sup>8</sup> Council in December 2008<sup>9</sup> asking MS to “review their protection system, as necessary, in the light of the common principles listed in paragraph B of the Recommendation 92/441/EEC”.

The 1992 Recommendation is a key element in a legal context characterized by a series of other international agreements in favour of the implementation of this fundamental right.

7. See the 1992 Council Recommendation at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31992H0441:EN:HTML>

8. Employment, Social Policy, Health and Consumer Affairs Council.

9. See Council Conclusions of 17 December 2008 at: [www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/lssa/104818.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lssa/104818.pdf)

## *Legal framework: what international agreements says about adequate minimum income*

Many other International and European commitments recognize the right for all to a minimum income sufficient to promote a decent standard of living, as a matter of respect for human dignity, and as a way to fight against poverty and social exclusion.

**United Nations: Universal Declaration on Human Rights 1948**, reconfirmed at the World Conference on Human Rights 1993 and the 1966 International Covenant on Economic, Social and Cultural Rights – Article 25 states that *“Everyone has the right to a **standard of living adequate** for the health and well-being of himself and his family, including food, clothing, housing and medical care...”*

**The Council of Europe’s European Social Charter** (revised version, 1966): article 13 states that *“anyone without **adequate resources** has the right to social and medical assistance”*.

**The Community Charter of the Fundamental Rights of Workers** (1989) stipulates in paragraph 10 that *“persons who have been unable either to enter or re-enter the labour market and have no means of subsistence must be able to receive **sufficient resources and social assistance** (...)”*

**The Charter of Fundamental Rights of the EU** (2000) states in article 1 that *“human dignity is inviolable. It must be protected and respected.”* Article 34 part 3 stipulates that *“In order to combat social exclusion and poverty the Union recognizes and respects the right to social and housing assistance so as to ensure a **decent existence** for all those who lack **sufficient resources** (...)”*

The Charter of Fundamental Rights in the EU<sup>10</sup> is now legally binding, as part of the new Reform Treaty, approved by all Member States and in force from December 1<sup>st</sup> 2009.



10. See more information on the Charter of Fundamental Rights of the EU on the European Parliament website: [www.europarl.europa.eu/charter/default\\_en.htm](http://www.europarl.europa.eu/charter/default_en.htm)



## 1.2. Anti-poverty organisations' approaches to adequacy

Whilst the EU and International legal definitions are vital theoretical reference points, their concrete implementation is left to the national and the local levels. How effective are they, on the ground?

The 2009 synthesis report on Minimum Income Schemes across EU by the EU Network of National Independent Experts on Social Inclusion ('2009 National Experts Synthesis Report')<sup>11</sup> underlines *"the reality which is that most Member States do not emphasize the issue of adequacy and have not defined what, in their own national and regional contexts, an adequate minimum income would need to be if it is to ensure a person's right to live in dignity"*.

Some academics and anti-poverty activists have made proposals on how adequacy could be defined and implemented more concretely.

The issue of the adequacy of income has been particularly studied in Anglo-Saxon research. John Veil-Wilson underlines *"that adequacy of income support can not be assessed in the abstract, but understood only concretely"*. He proposes to use the following

### four questions<sup>12</sup>:

- **Adequate for what?**
- **Adequate for whom?**
- **Adequate for how long?**
- **Who says it is adequate?**

A transnational project **"Towards an EU initiative on Social Standards"**<sup>13</sup> gathered researchers, NGOs including EAPN as well as public actors during two years and worked on minimum income as a possible area for establishing minimum standards at EU level. The project has highlighted the importance of the multidimensionality of poverty, and listed the different understandings of adequacy that should be taken into account:

- in terms of income (how much is enough?);
- in terms of coverage of the population and accessibility of the various existing schemes;
- in terms of the policy solutions proposed to tackle the problem;
- in terms of the adequacy of the services provided.

Indeed, all the dimensions raised are key to approaching the reality of the adequacy of support provided to the most vulnerable. Notably, the accessibility – particularly the affordability and the quality of **services of general interest**, including social services, but also transport, energy, public employment services, financial services etc... have a direct impact on the concrete purchasing power and quality of life of people concerned.

11. [www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/minimum-income-schemes](http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/minimum-income-schemes)

12. John Veil Wilson in **Why money matters: family income, poverty and children's lives** / edited by Jason Srelitz and Ruth Lister, London : Save the Children, 2008.

13. "Making a decisive impact on the eradication of poverty, Towards an EU initiative on social standards", Report from the transnational project, 2007. [www.eapn.ie/eapn/wp-content/uploads/2010/01/setting-minimum-standards-french.pdf](http://www.eapn.ie/eapn/wp-content/uploads/2010/01/setting-minimum-standards-french.pdf)



# THE REALITY OF (IN)ADEQUACY

## 2.1. What people say

The reality is far from matching the criteria of adequacy set by the 1992 Recommendation. What the people concerned know, and what statistical data and studies show, is that the vast majority of minimum incomes are totally inadequate to meet these criteria. They do not allow for proper access to housing, healthy food, adequate heating, quality health care nor participation in social and cultural life... People who have to rely on these schemes face difficulties in many or all these aspects of their lives.

The following quotes give a snapshot of the reality of the life of people living on minimum income.<sup>14</sup>

### **Minimum income does not open the door to a life in dignity:**

*"Minimum income allows you to survive, not to live."*

*"I can't be sociable. My self confidence is ruined, because every day I must worry about the next day."<sup>15</sup>*

*"I felt ashamed of being a beneficiary of the guaranteed minimum income. I always wanted to work and I like to feel useful."*

### **Minimum Income is not even sufficient to address the essential needs:**

*"I can afford only cheap food. Fruit and vegetables to feed children are too expensive, healthy food is too expensive for me."*

*"With only a minimum income, you can't pay the rent."*

*"We see rises in food prices, in electricity prices, rises in general in the cost of living, but no substantial adjustment in social benefits or pensions."*

*"Living on minimum income is worse than survival. If you do not ask for money from those around you, you cannot go till the end of the month."*

### **Minimum income does not prevent poverty:**

*"The good thing about minimum income scheme is that it exists, but it does not solve poverty".*

14. Unless another source is specified, these quotes come from the preparatory work and the exchanges during Meetings of People experiencing poverty. Meetings of people experiencing poverty have been organized since 2001 under successive EU Presidencies, with the support of EAPN. **They gather people facing poverty from all EU countries, who exchange during these meetings in their mother tongue on their concerns and demands. The 2008 meeting focused on Minimum Income as one of the pillars in the fight against poverty. See information on** [http://www.eapn.eu/index.php?option=com\\_content&view=article&id=600%3Athe-european-meetings-of-people-experiencing-poverty-a-process-going-forward&catid=16&Itemid=14&lang=en](http://www.eapn.eu/index.php?option=com_content&view=article&id=600%3Athe-european-meetings-of-people-experiencing-poverty-a-process-going-forward&catid=16&Itemid=14&lang=en).

15. 'Voices from the poverty line : jobs and unemployment in the EU', EAPN, 2006: see [http://www.eapn.eu/index.php?option=com\\_content&view=article&id=127:-eapn-book-voices-from-the-poverty-line-jobs-and-unemployment-in-the-eu&catid=40:eapn-books&Itemid=84&lang=en](http://www.eapn.eu/index.php?option=com_content&view=article&id=127:-eapn-book-voices-from-the-poverty-line-jobs-and-unemployment-in-the-eu&catid=40:eapn-books&Itemid=84&lang=en).



in terms of job search, leaving them without any income: *"I felt awful. It was a total shock. I had no savings and benefits were my only income. I had no money for food or heating".*<sup>16</sup>

*"The minimum income is often below the poverty threshold."*

**The amount of minimum incomes is not based on people's needs but on arbitrary criteria:**

*"Minimum income benefits vary too widely – they are a post code lottery."*

*"The fact that whether you are properly fed or not is decided by which municipality you are living in is just another factor of feeling of injustice, abandonment, and social exclusion".*

**Some just get no income at all:**

*"Young people aged 18–25 have no entitlement to anything."*

*"Young people should hibernate till they are 25!"*

*"Foreigners, even with a visa, face great difficulties claiming minimum income."*

Some get their income withdrawn for not having met the conditions placed on them

## 2.2. The facts

*Most minimum income schemes do not lift people out of poverty*

Minimum income schemes vary enormously from one Member State to another. Their level of generosity is the first variable<sup>17</sup>. But in all Member States, the levels are a long way from taking people out of poverty.

Within the EU, people falling below 60% of median income are considered to be in or 'at-risk-of-poverty'<sup>18</sup>. A Commission working document published in 2008<sup>19</sup> compares the net income of jobless households relying exclusively on social assistance benefits and housing benefits to the level of the official poverty line (i.e. 60% of the median household income).

**This comparison shows that only a few countries provide workless households with a minimum income and related benefits that are sufficient to lift them close to or above the 60% median income threshold (i.e. the poverty threshold), and this only for some family types. (See table 1 in Annex 1)**

16. Idem 15.

17. See *Trends, Recent Developments, Active Inclusion and Minimum Resources, Synthesis report of the independent review based on national reports from independent experts, first semester 2006*, at: [www.peer-review-social-inclusion.eu/network-of-independent-experts/2006/first-semester-2006](http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2006/first-semester-2006)

18. The median household income divides households into two equal segments with the first half of households earning less than the median household income and the other half earning more. See more explanations in EAPN Explainer on poverty at: [http://www.eapn.eu/index.php?option=com\\_content&view=article&id=33&Itemid=52&lang=en](http://www.eapn.eu/index.php?option=com_content&view=article&id=33&Itemid=52&lang=en)

19. See Commission staff working document *Monitoring progress towards the objectives of the European Strategy for Social Protection and Social Inclusion*, October 2008, page 53 at: [http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/omc\\_monitoring\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/omc_monitoring_en.pdf)

This document demonstrates that:

- *Lone parents can receive social assistance benefits and related benefits (i.e. housing benefits) at or above the poverty threshold only in Latvia, Germany, Denmark, the United Kingdom, Ireland and the Netherlands.*
- *In all countries but Latvia, Germany, the United Kingdom and Ireland, couples with two children relying on social assistance benefits would have disposable income levels below the poverty threshold.*
- *In Slovakia, Malta, Estonia and Spain, all three family types are likely to experience deep poverty with out-of-work incomes below 60% of the poverty threshold.*
- *The three family types get at least 60% of the median income line (i.e. 100% of the poverty line) only in 2 countries (the UK and Ireland).*
- *Single people receive less than 60% of the poverty threshold in 7 countries (Lithuania, Slovakia, Portugal, Malta, Estonia, Hungary and Spain) and at least 60% of the median income line (i.e. 100% of the poverty threshold) in only 6 countries in the EU (Finland, Sweden, Denmark, UK, Ireland, The Netherlands)<sup>20</sup>.*

These conclusions are based on a simulation of the minimum safety nets provided to houseless households, using OECD tax-benefit model. Therefore they reflect theoretical situations. In the reality, the social income that people in need actually access is obviously lower.

It is true however that social protection is at least alleviating poverty: in the absence of all social transfers, the average poverty risk for EU Member States would be 26%, as against

16% after receipt of government support). But it is not sufficient: still more than 84 million people in the EU are left below the poverty line.

The assessment made by the 2009 National Experts Synthesis Report<sup>21</sup> is that ***“in most countries Minimum Income Schemes fall short from allowing all people to live a life with dignity and many fall very short”***.

**These poverty figures cover different realities:**

Clearly living on the poverty line does not imply the same standard of living in each Member State of the EU. The at-risk-of-poverty national thresholds are also expressed by Eurostat in **‘Purchasing Power Parities’ (PPP)**. PPPs are currency conversion rates that convert economic indicators expressed in national currencies to a common currency and, at the same time, take account of price level differences and thus allow comparisons. This means that when comparing national at-risk-of-poverty-threshold expressed in PPP you can actually compare the purchasing power of people living on the poverty line across state borders. At-risk-of-poverty thresholds expressed in PPP range in the EU from 1765 per year in Romania to 17 575 per year in Luxembourg. **This means that, in the reality, the standard of people living at the 60% median income (at risk of poverty line) in Luxembourg is about ten times that of people at risk of poverty in Romania.** (However, poverty is not only about material deprivation but it is relative to the capacity to participate in the society we live in (see EAPN Poverty Explainer<sup>22</sup>).

20. Idem 3.

21. Idem 3.

22. [http://www.eapn.eu/index.php?option=com\\_content&view=article&id=33&Itemid=52&lang=en](http://www.eapn.eu/index.php?option=com_content&view=article&id=33&Itemid=52&lang=en)

23. Idem 17.

## How are the amounts of minimum income schemes calculated and reviewed?

### How are the amounts of minimum income calculated?

In 2006, an expert report commissioned by the European Commission<sup>23</sup> underlined the differing philosophies underpinning arrangements providing minimum income at national level. The report made a distinction between Member States such as **Sweden** where the aim was to include the whole population in a general welfare system and others such as Denmark adopting a much more targeted approach, focusing on specific marginalized groups.

They also noted the influence of the type of family policy nationally implemented.

In most Member States, the amount of Minimum Income is fixed **centrally by national governments**. In some Member States, regulations are fixed at **sub-national level**: at the level of Autonomous Regions - in Spain for example, as well as in Italy. In this case regional disparities can be huge: as for example in Spain with the level of Minimum Income ranging from €285 to €585 in 2007<sup>24</sup>. In **Sweden**, minimum income is split between

national and regional authorities for different elements: for example for some items the amount is decided yearly at national level, for others the municipalities are required to pay the real living costs (housing costs for example) if they are considered 'reasonable'. For the '2009 National Experts Synthesis Report', *"there is the lack of a clear rationale for establishing the levels of Minimum Incomes and inconsistencies in the amounts paid to different categories for little logical reason."*



In some Member States the amount of Minimum Income is deliberately fixed **in relation to incomes deriving from employment** (Denmark, Luxembourg, Malta, and the Netherlands).

In **Luxembourg**, minimum income is fixed in relation to the **minimum wage and minimum pension**, and to the minimum wage in Malta and in Netherlands. In

Denmark, it is fixed in relation to 80% of the maximum **unemployment benefit** for parents with children, with 60% of this maximum for people without children.

**Only a few Member States fix the amount of guaranteed income in reference to what they consider to be the real needs of people, or what is adequate to participate fully in society.**

24. Spanish Expert report on Minimum Income on the web site of the Network of Independent Experts, available at: [www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/minimum-income-schemes](http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/minimum-income-schemes)

25. Source: MISSOC website: Comparative table on social protection, available at: [http://ec.europa.eu/employment\\_social/missoc/db/public/compareTables.do](http://ec.europa.eu/employment_social/missoc/db/public/compareTables.do)

In **Lithuania**, the guaranteed minimum is based on the price of an agreed basket of goods. In Cyprus, it is based on a survey using statistical indicators from a previous Family Budget Survey. In **Germany**, the assistance towards living expenses (Hilfe zum Lebensunterhalt) includes food, accommodation, clothes, personal hygiene, household equipment, heating and personal needs of daily life. The overall need for necessary subsistence resources is granted in the form of standard rates (Regelsätze) and the full coverage of cost of accommodation and heating. There are supplementary benefits in cases of special need...<sup>25</sup>

More usually, the level depends on **the governments' political objectives**. For instance, on how far governments want to keep levels low in order to provide an 'incentive' for people to take any job. The 2009 National Experts Synthesis Report also points out that one of the strongest trends across Member States is to link income payment with employment support and activation measures, and that there is a *"tendency in many countries to increase conditionality and introduce restrictions in the access to social benefits and services"*. Indeed, 'Make Work Pay' has been a dominant paradigm in the development of Employment policies in the recent years. This tendency has led to cuts in social and employment benefits paid to people unemployed or inactive, with the aim to intensify incentives to work. EAPN members have continually raised the negative impact

of these Make Work Pay policies on people who are not in work. Governments are seen as instrumentalizing benefits to push people to take up any job, with the objective of raising the employment rate and cutting the number of people receiving benefits. In this political context sanctions on benefits are often used against people. For example, benefits may be cut or even removed.

### *How are the levels of the minimum income reviewed?*

National approaches vary a great deal.

In a number of Member States the amount of the minimum guarantee is reviewed every year in line with the prices index<sup>26</sup>.

- **In only 2 countries the indexation to the price level is automatic** and not left to the decision of the government (Belgium and Luxembourg).
- In other countries the amount is linked to the level of pensions or to the level of wages.
- In some Member States the amount is clearly adjusted in line with available budget (Bulgaria, Latvia).
- In Spain, the updating of the amount is decided by regional governments. In some regions such as Catalonia it is negotiated with the Trade Unions.

26. Idem.

27. Source: *Updated assessment by the SPC and the European Commission of the Social impact of the economic crisis and the policy responses*, May 2009, available at: <http://ec.europa.eu/social/keyDocuments.jsp?type=0&policyArea=750&subCategory=758&country=0&year=0&advSearchKey=&mode=advancedSubmit&langId=en>

28. EAPN **Synthesis report on the social impact of the crisis, December 2009**, available at: [http://www.eapn.eu/index.php?option=com\\_content&view=article&id=1294%3Aeapns-report-on-the-social-impact-of-the-crisis-and-of-the-recovery-package&catid=42%3Aeapn-policy-papers&Itemid=82&lang=en](http://www.eapn.eu/index.php?option=com_content&view=article&id=1294%3Aeapns-report-on-the-social-impact-of-the-crisis-and-of-the-recovery-package&catid=42%3Aeapn-policy-papers&Itemid=82&lang=en)

29. *Building Security, Giving Hope, EAPN assessment of the National Strategic Reports on Social Protection and Social Inclusion 2008-2010*, available at: [http://www.eapn.eu/index.php?option=com\\_content&view=article&id=676:building-security-giving-hope-eapn-assessment-of-the-national-strategic-reports-on-social-protection-and-social-inclusion-2008-10&catid=42:eapn-policy-papers&Itemid=82&lang=en](http://www.eapn.eu/index.php?option=com_content&view=article&id=676:building-security-giving-hope-eapn-assessment-of-the-national-strategic-reports-on-social-protection-and-social-inclusion-2008-10&catid=42:eapn-policy-papers&Itemid=82&lang=en)

**The reality experienced by people concerned is that Minimum Income levels, which are already below the poverty line, have not been adjusted to the huge increases in the cost of basic needs such as housing, food and energy in the last years, squeezing even more their limited purchasing power.**

In **Latvia**, rents have increased by 23,4% between the last quarter of 2007 and the last quarter of 2008, and heat energy prices by 31,6%<sup>27</sup> in 2008. Energy prices notably have risen substantially in many countries (Italy, Belgium, Bulgaria, Malta...), to such an extent that some Member States are trying to compensate for this burden: in Malta for example the poorest people are subsidised by the government to be able to pay their utility bills.

*More pressure on minimum income under the current economic crisis*

Under the current crisis, two conflicting trends are impacting on Minimum Incomes. On the one hand, several Member States are taking action to maintain social cohesion and protect the most vulnerable, including increasing minimum income levels and coverage. On the other hand, as illustrated in the EAPN report on the social consequences of the crisis<sup>28</sup>, there is a renewed pressure on reducing minimum income schemes, their eligibility criteria or coverage<sup>29</sup> in the context of mounting public deficits.

**Belgium** increased a range of social benefits including Minimum Income by 2%. However the Government did not agree to raise minimum income above the poverty threshold, as asked by local social public services (C.P.A.S) together with anti-poverty activists.

**Romania** raised the level of Minimum Income by 15% since July 2009, but it is still far away from what is necessary.

**Bulgaria** raised the level of Minimum Income and family benefits.

In **Portugal**, the duration for the receipt of minimum income was temporarily extended from 12 to 18 months.

**Austrian** EAPN members expressed their concern about the level of benefits, as unemployment benefit is at a low level and not upgraded.

In **Spain**, members point out *“large regional differences and inconsistent application undermining minimum income as a social right, with local authorities dragging a debt of €30 000 million and looking for cuts”*. At the same time, they mention that the Spanish government has recently established a fixed benefit that some of the unemployed can claim under certain conditions after having exhausted their rights to unemployment benefits.<sup>30</sup>

As the SPC/Commission report on the crisis clearly reports *“some recovery plans clearly specify that increased spending in some areas will be counter-balanced by cuts in others or that overall spending will be cut across the board (e.g. IE)”*<sup>31</sup>.

30. Idem 27 concerning data of all five countries.

31. Idem 27.



## 'Non take-up' and 'insufficient protection'

Not only are the amounts of existing minimum income schemes insufficient, but a significant part of the population does not effectively access even these minimum income guarantees.

**The notion of 'non take-up' is commonly used to describe the fact that people do not claim the rights they are entitled to.** Several reasons can explain this lack of take-up:

- *Most of the social assistance systems are very complex, and people are neither sufficiently informed, nor supported by independent advice on their rights to claim their benefits;*
- *A strong stigma is still attached to claiming non-contributory benefits, with people characterized as "scroungers". Many people therefore prefer not to claim these benefits.*
- *In some cases like in Austria social assistance can be claimed back when the beneficiary gets back to work.*

A study<sup>36</sup> published by the OECD in 2004 suggests that take-up rates mainly vary between 40% and 80% in the case of social assistance and housing programmes: this

means that for every ten people entitled to these rights only between **4 to 8 out of ten people get their rights.**

The 2006 independent experts' synthesis report on the implementation of the Social Inclusion strategy<sup>37</sup> underlines that "*in some cases the complexity of the systems appears to be a specific problem that may result in eligible claimants not receiving the benefits to which they are entitled because they are put off by the complexity*".

The assumptions behind non take-up have recently been challenged, notably because it concentrates only on individual psychological factors, whereas people are often prevented from accessing their rights by broader social and institutional obstacles.



32. *Take up of welfare benefits in OECD countries: A review of the evidence.* OECD Social employment and Migration paper", available at: [www.oecd.org/dataoecd/60/30/30901173.pdf](http://www.oecd.org/dataoecd/60/30/30901173.pdf)

33. Idem 17.

34. *The big holes in the net, structural gaps in social protection systems and guaranteed minimum income systems in 13 EU countries*, Ides Nicaise and Steven Groenez (HIVA, K.U. Leuven), April 2004. See list of publications from Ides Nicaise at <https://perswww.kuleuven.be/~u0014508/hoofdpaginas/publistw.htm>

35. "Some benefits schemes which provide minimum income protection drive beneficiaries to take up any job offer, whether suitable or not, and lower even withdraw benefits when they refuse. Experience shows that this may lead to situation where a significant share of those targeted by such schemes may not actually benefit from them, either because they cannot claim their entitlement so long as they do not accept work or because the income support provided becomes insufficient to participate fully in society due to sanctions reducing its level for a certain period of time". In *Missoc analysis 2008: social protection, aspect of flexibility and active inclusion*, available at: [http://ec.europa.eu/employment\\_social/missoc/2008/missoc\\_2008\\_analysis\\_en.pdf](http://ec.europa.eu/employment_social/missoc/2008/missoc_2008_analysis_en.pdf)

A study published in 2004<sup>38</sup> by I. Nicaise and S. Groenez uses the **concept of “insufficient protection” to characterize the failure of the system to provide a universal minimum income.** This study concludes that the *“rate of insufficient protection is astonishingly high: on a yearly basis, between 2 and 13 percent of the population has at some point lived with less than the national (guaranteed) minimum income”.* The study was based on data from 93 to 97 in 13 ‘old’ EU countries. Although the data is not recent, the conclusions of the study are in line with what EAPN members regularly express. The study highlights the following reasons why minimum income schemes fail to function as an absolute floor: eligibility rules, administrative obstacles, miscalculation of amounts, sanctions and suspensions, over indebtedness... In some cases the schemes may *“provide amounts that can be lower than those prescribed in the law, when regulation is not fully applied, or when part of the benefit is withheld for example for the reimbursement of debts”.*

In recent years benefits have been instrumentalised in order to pressure people to accept jobs. Sanctions have been implemented on benefits. An analysis drawn by the EU Mutual Information System on Social Protection Secretariat in 2008<sup>39</sup> has highlighted the **negative impact of some of these Make Work Pay policies** with regards to the *“aim of these schemes*

*which is to provide adequate level of income for all”.* As a French EAPN member said: *“the right to Minimum Income should be unconditional, since it is the minimum for survival. You cannot sanction people living on €440 a month!”*<sup>36</sup>

For many Independent National Experts in their 2009 report, *“it is clear that non take-up, while insufficiently documented non take-up, is a major problem requiring urgent attention”*, all the more so as that problem affects most countries.

Research in Belgium for the period 1993-1997 showed that the proportion of individuals falling through the safety net (3.9%) was larger than the proportion of individuals rescued by the safety net (1.2%).

In Finland, based on data collected in 2005, it has been evaluated that only half of the eligible population actually take up social assistance.

The Austrian expert notes that *“the rate of non-take-up appears to be substantial”.*

For the German experts *“the estimated number of unreported cases amounts between 25 and 40 percent”.*

In Portugal, the take-up rate of the SII scheme ranges from 70 to 75%.

*Extracts from the 2009 Independent National Experts synthesis Report*<sup>37</sup>

Experts also point out that the risks of non-take-up are greater for some groups. For instance, in Belgium they are greater for women, couples, individuals with an education level below the second stage of secondary and the 16–24 age range. In Austria, the risks of non-take-up can also vary significantly by region.

36. Idem 28.

37. See: <http://ec.europa.eu/social/main.jsp?catId=756&langId=en>





**The idea of implementing adequate minimum incomes for all often raises a lot of scepticism. People may not believe that it is possible to calculate and agree on what is needed for a decent life, particularly at EU level, across different Member States.**

There is no agreed method at EU level to calculate what level of income is needed to lead a life in dignity. Considering the incapacity of the current social protection system to address the persistence of poverty, researchers, activists, people experiencing poverty themselves and some public administration departments are exploring different methods for calculating adequacy, and the necessary instruments at national and EU level. They try to define what a minimal decent level of living implies in real terms, looking at what are the basic needs in our society, and how much it costs.

Some thought-provoking approaches are presented below, highlighting their strengths and weaknesses.

## 3.1. Material deprivation indicators: an EU statistical approach of inadequate lifestyle

The EU current [set of indicators agreed as part of the Open Method of Coordination on Social Inclusion and Social Protection](#)<sup>38</sup> (the “Laeken” indicators) does not really allow an understanding or comparison of the concrete situation of people living in poverty. In 2007 a group of social policy experts made a call for research, into:

- “what can a family living on the 60% poverty threshold in each country actually consume?”
- “what is in each country the relationship between the 60% threshold and the minimum incomes provided, and to what extent people falling below the poverty line are in fact on the guaranteed minimum income”<sup>39</sup>.

In 2009, a first improvement has been introduced in the set of indicators: two new indicators have been agreed, in order to complement the set of indicators used under the Social OMC, aiming at monitoring **material deprivation**. Although these indicators are not specifically designed to help calculate adequacy of minimum income levels, in reality they will facilitate:

38. B. Nolan, with E. Marlier, A.B. Atkinson and B. Cantillon (2006) *The EU and Social Inclusion: Facing the Challenges*. Bristol: Policy Press.

39. Source of the data: the EU-SILC questionnaire is an annual, EU-wide, survey, as part of an EU-wide programme to obtain information on the income and living conditions of different types of households.

- *A clearer understanding of what inadequate income implies concretely given the diversity of living conditions across the various Member States;*
- *A focus on the most vulnerable among people living below the poverty line. Indeed, among people at risk of poverty, some are living far below this line: these new indicators give an indication on the proportion of people living under extreme deprivation.*

### *An assessment of what is considered as necessary for a normal dignified life*

These new material deprivation indicators assess access to basic goods and services considered essential for a normal dignified life.

They are based on a list of 9 items<sup>40</sup>, which are socially recognized as necessities (see box below):

#### **List of items socially recognized as necessities:**

The household can afford:

- *to pay for arrears (mortgage or rent, utility bills or hire purchase installments)*
- *one week holidays away from home*
- *to keep home adequately warm*
- *a meal with meat, chicken or fish every second day*
- *to face unexpected expenses*

The household can afford (if they wanted to)

- *to have a TV*
- *to have a telephone*
- *to have a car*
- *to have a washing machine*

The choice of these items has been socially validated through an EU wide Eurobarometer survey, which showed that almost all of these items were considered as absolutely necessary or necessary to have a decent standard of living by at least 50% of the population in the EU 27. People experiencing poverty together with EAPN were also involved in testing these priorities.

### *The two new indicators:*

The first indicator adopted is the **‘proportion of people lacking at least 3 items in the list’**. In 2006, 3% of the population in Luxembourg lacked at least 3 of the listed items, whereas in Latvia 50% of the population lacked at least 3 of these items.

The second indicator adopted is the **‘mean (i.e. average) number of items lacked by people deprived in the different countries’**. It aims to answer the following question: among the group of people lacking at least 3 items, how many items do people lack on average: 3, 4, or more? What is the extent to which they lack basic goods? How to assess the severity of their deprivation?

For example, in Iceland, people lacking at least 3 items lack in average 3,36 items, whereas in Latvia, among the group of people lacking at least 3 items, the mean number of items lacking is 4,12. That means that the deprivation of the most vulnerable is more severe in Latvia than in Iceland.

The template below displays the values in the EU of the deprivation rate and of the mean deprivation index.

40. Idem 39.

<b>Country</b>	<b>% of people lacking at least 3 items</b>	<b>Mean number of items among the “deprived”</b>
Luxembourg (LU)	3	3,49
Norway (NO)	5	3,71
Sweden(SE)	6	3,45
Netherlands (NL)	6	3,48
Iceland (IS)	8	3,36
Denmark(DK)	8	3,59
Finland (FI)	10	3,48
Austria (AT)	10	3,48
United-Kingdom(UK)	10	3,49
Spain (ES)	11	3,45
Ireland (IE)	11	3,66
France (FR)	13	3,57
Belgium (BE)	13	3,76
Germany (DE)	13	3,51
Italy (IT)	14	3,70
Slovenia (SI)	14	3,49
Czech Republic (CZ)	20	3,79
Portugal (PT)	20	3,74
Greece (GR)	23	3,81
Cyprus(CY)	31	3,50
Slovakia (SK)	36	3,77
Hungarian(HU)	38	3,96
Lithuania(LT)	41	4,09
Poland (PL)	44	4,06
Lavia(LV)	50	4,12

*Deprivation rate and mean deprivation indexes (out off 9) among people lacking at least 3 items in the list, 2006. Source: Eurostat, EU-SILC 2006.*

## Strengths and weaknesses of the approach

### Strengths

Material deprivation indicators give a more accurate picture of what poverty really means for people living at or below the EU agreed poverty line.

The choice of indicators has been checked against the EU public opinion: implying an important step forward towards social standards at EU level.

The agreement on the indicators reflects an important consensus among institutions and Members States at EU level on a set of goods considered necessary for a dignified life.

These indicator complement the 60% median income line and thus maintains this important reference point.

### Weaknesses

People experiencing poverty were not systematically involved in shaping the indicators, although they were involved in the testing. This may have led to distortions on priorities.

The 9 items were selected by a majority of EU population in a survey, but many people may not prioritize the same items.

The indicators do not illustrate fully the multidimensionality of poverty: (in terms of access to decent housing, social life, culture, education, health...), nor fully reflect the interplay between the factors.

They do not reflect the harsh reality of poverty in some countries. *"In Romania, people living in poverty first need to have enough money to survive*

*and to let the children go to school, all schools being very expensive (more than €50/month/person). Most of poor people do not have a real home for living, with basic sanitary conditions"* said an EAPN member.

The indicators may be used to focus on **absolute forms of poverty** only, to the detriment of more ambitious anti-poverty policies aimed at a reducing relative poverty and promoting a fairer society.

In general, a more ambitious approach is needed to improve the capacity of the EU to understand and compare the concrete reality of people living in poverty. Notably, further investigation is needed on the concrete purchasing power of people on minimum income schemes.

## 3.2. A minimum standard budget for a decent life in Britain

**The Joseph Rowntree Foundation minimum income standard project shows that it is possible to define what level of income allows for a decent life.**

A study published on 1<sup>st</sup> July 2008 by the Joseph Rowntree Foundation aimed at answering the following question: what level of income do people think is needed to afford a socially acceptable standard of living in Britain today, and to participate in society?

This study devised a minimum income standard for Britain based on what members of the public said, and showed the cost of covering basic goods and services for different household types. Full details and reports are available on project website: [www.minimumincomestandard.org](http://www.minimumincomestandard.org)

The method followed combined two leading **budget standard methodologies** used previously: the **‘consensual methodology’** based on group discussions among members of the public and the **‘expert-led methodology’**. The study considers the minimum standard of living as including more than just food, clothes and shelter, but what you need in order to have the opportunities and choices necessary to participate in society.

Lists of what is required by different households were developed during 39 **group discussions** and workshops. This included: food, clothes, accommodation, utilities, fuel, household goods, personal goods and services, transport, social and cultural activities. Groups were informed by advice from experts (such as nutritionists, heating engineers....). Participants also focused on ‘needs’, not ‘wants’.

As a result, the study gives a **weekly budget for a variety of types of families, likely to allow a standard of living considered as acceptable by the “man and woman in the street”**.

The project concludes that **in Britain the state falls far short of guaranteeing people enough income to reach what these groups thought was an acceptable level**. According to this study, **income support covers only 42 per cent of this acceptable budget** in the case of a single person in 2008. Families with children on Income support receive about two-third of this acceptable budget. Conversely, the income support for a couple of pensioners exceeds this budget by five per cent.

This research has been updated in July 2009. It shows that the cost of minimum household budget has risen by about 5 percent. *“This is well above the inflation rate, because someone living on a minimum income spends a greater than average portion of their budget on food, domestic fuel and public transport, whose prices have risen by 7 to 12 percent”,* they said.

Interestingly, explanatory research shows that, in time of recession, people still think that a minimum standard of living should allow people not only to survive but to play an active part in society.

## *Strengths and weaknesses of the approach*

### *Strengths*

The approach effectively assesses the degree of adequacy of safety net benefits, demonstrating the possibility of achieving a consensus around necessary goods for a decent life.

As the results are built on the opinion of 'ordinary' people, it is more likely to facilitate public consensus for acceptable benefit levels.

The approach is notable for its comprehensiveness, as it applies to a multiplicity of situations.

Participation is given priority. People experiencing poverty are involved in the decisions on the indicators rather than only in the verification.

The involvement of mixed income groups ensures a fairer appraisal of the necessary standards for a decent life—for example the group of single parents included poorer and better off single parents. Involving poor people only, runs the risk of establishing more minimal levels.

It has proven a useful tool for creating discussion, as well as for lobbying and policy making.

The approach can be easily updated ie assessing the impact of the current crisis on the poorest. Because it is a participative research it also tells us about public opinion on minimum standards of living, highlighting that even in time of economic crisis, people in the UK do not seem to give up on the ambition to ensure a decent minimum living standard for all.

### *Weaknesses*

The opinion of people from different income and target groups were taken into account when defining what is acceptable 'for all'. But there was no specific focus on the views and expertise of people living in poverty, whereas their voice must be at the core of any discussion on adequacy.

The approach is very intensive and complicated, involving a lot of time, staff and resources. This makes it difficult to transfer. However other countries could build on the work already done.

The approach requires a demanding follow up to ensure that the weekly budgets proposed are kept up to date. It is also difficult to keep track of changes in living standards in the long term which may require a revision of the content of minimum budget.

This approach doesn't maintain a link with the 60% median line reference: this runs the risk of having a discussion focused on absolute material poverty rather than on relative poverty and inequalities.

### 3.3. A consumption basket model building on the expertise of people experiencing poverty

An EU transnational project led by EAPN Ireland entitled 'Setting minimum social standards across Europe' brought together a variety of public and NGOs perspectives during two years (2005-7) on the question of the role the EU could play in setting social standards that would strengthen the fight against poverty, and how this should be developed. The final report<sup>41</sup> presents the elements of consensus reached among participants. It states that *"agreeing a common approach to social standards at EU level is best seen as a process of dialogue involving the European Union, Member States, people experiencing poverty, social researchers and the general public to agree a set of goods and services needed in each Member States for a dignified life there, and complementary programmes and actions at all the appropriate levels, to ensure that every one has access to such 'sets'".*

**The Belgian Anti-Poverty Network, after having been involved in this transnational project, is now engaged in a research project at national level on a "good practice methodology for calculating adequacy",** which is conducted by the University of Antwerp and the Catholic High school of the Kempen, that could be seen as the continuation of the social standard project.

A first phase was carried out in the Flemish Region. The Flemish Anti-Poverty regional network participated in the steering group of the research and several associations of people experiencing poverty were directly involved as a focus group.

Within this project, a scientific hypothesis about human needs for a dignified life has been tested against the experience of people experiencing poverty themselves. The project used an academic 'basket of goods' which was extremely comprehensive and precise in the listing of what is needed for a decent life, ranging from needs in food to participation in cultural activities, housing, safety... For each of these items, the project started by gathering the scientific views of professional experts on the issue. Then the results were verified by points of views and experience in two focus groups, one of social workers active in the area and one of people experiencing poverty. The latter was given great importance in case the outcomes of the two focus groups were not the same.



The needs were budgeted for different types of household and then discussed again by groups involving experts and people experiencing poverty from several associations.

The feed back of people in poverty was used to highlight when this academic model did not match the reality of the life in poverty and suggest changes. For example:

- Some people live too far away from the shops with the lowest prices, so they have to choose between buying goods at a higher price in a closer shop or spending money to get to a shop offering lower prices.
- Some people do not possess a fridge or a freezer. This means that they have to manage their shopping from one day to the next, rather than being able to reduce costs by bulk buying;
- The model does not cover the specific needs and costs related to sickness and ill health, whereas people experiencing poverty are more likely than other people to be besieged by health problems, including mental health.

41. [www.eapn.ie/standards](http://www.eapn.ie/standards)

In a second phase, meant to run till the end of 2009, the method is applied in the two other regions of the country, Wallonia and Brussels. The outcome expected would be

a more general instrument applicable to the whole country. (In this broader phase of the research the cost of health will be better taken into account).

## *Strengths and weaknesses of the approach*

### *Strengths*

The first results show that the budget needed for a decent life is higher than the level of the national poverty line, and higher than the minimum income level.

The results highlight the crucial role of participation from people experiencing poverty.

The budget aims at full participation in society rather than minimum survival. It takes into

account a person's roles in society and expectations. For example, as a parent you are expected to look after your children and to give them a good education; as a worker you are expected to contribute to the production of goods or services, by keeping in touch with new developments in your sector, as well as performing your job tasks; as a member of your local community you are supposed to stay informed of what is happening around you, etc...

### *Weaknesses*

The scientific budget model refers to a fictitious 'ideal' person who is assumed to be healthy, without specific needs involving separate costs (i.e. disabilities), well-informed and operating rationally when buying what he/she needs. The reality for people in poverty is very different.

The project is limited to a confrontation between academic expertises, views of workers and poverty experience, without involving the views of "ordinary" people: the budget model is therefore not tested against mainstream standards of living, which should be also a central reference for the definition of a dignified life. (For example the scientific budget model used involves a quantity of meat sufficient from a health point

of view, but lower than middle class standards of consumption).

The research does not take into account the situation of migrants in the country. Some results with migrants have shown a lot of similarities with Flemish people experiencing poverty, but also some important additional problems. These are not integrated in the final results of the first phase. Neither are they taken into consideration in the second phase (in Wallonia and Brussels).

This approach does not maintain a link with the 60% median line reference: this runs the risk of having a discussion focused on absolute material poverty rather than on relative poverty and inequalities.



### 3.4. Using a reference budget as a benchmark for policy making: the Swedish example

Reference budgets are expenditure patterns for different types of households. Such budgets have been developed across Europe and are used for a variety of aims. There is a European project supported by the European Commission under the Progress Programme which is coordinated by some members of the European Consumer Debt Network. It is currently promoting the construction of such budgets in countries where they have not been used so far and is increasing exchange between groups in countries who had been using such budgets for many years.<sup>42</sup>

Material produced within this project brings together interesting examples from a variety of countries. In Sweden, the reference budget is more than a Minimum Budget. It has been developed since 1976. It makes it possible to satisfy a little bit more than the basic needs, for example it enables people to take part in social life including leisure activities. The amounts and the way it is calculated are public. This reference budget or similar reference budgets are used in many ways:

- *budget advice and debt relief*
- *credit review when banks are to grant loans*
- *debt collection*
- *public research related to household budget*
- *analysis of the situation of different household groups*
- *education*
- *awareness raising.*

Currently it is also used as a reference for the social welfare allowance.

For example, for a family composed of two adults, one boy of 10 years' old, and one girl of 4 years' old, the daily expenses according to the Swedish Reference budget includes the following budget items: food, clothing and footwear, hygiene, recreation/leisure, consumables, newspaper, radio, TV, telephone, for a total amount of €825 per month. The welfare allowance would top up the disposable income of this family to this amount of the reference budget, plus real expenditures such as housing, electricity supply, journeys to and from work, household insurance, child-care, and membership of trades union and an unemployment insurance fund, if considered as reasonable.

42. See [www.ecdn.eu](http://www.ecdn.eu)

## *Strengths and weaknesses of the approach*

### *Strengths*

The reference budget is an objective and effective tool for calculating welfare allowances.

The fact that this reference budget is concretely used as a public reference for social welfare gives legitimacy to this tool, and is a step towards the recognition to the right to a decent life.

This reference budget is used in many ways; that gives a visibility to this tool likely to contribute to better understanding of the realities of poverty. High level of transparency, builds acceptability and ownership.

### *Weaknesses*

This reference budget does not cover the full range of the daily expenses of a family, notably housing and energy. These expenses may be supported, but they are dealt with separately. In practice, the municipalities can set local guidelines on these items, for example: a limit to the amount of housing costs covered. This reference budget has become both a minimum and a maximum. Some municipalities were more generous before it was established. Moreover, the different

expenses are not adequately updated i.e. in relation to rising costs of health, energy, housing, and energy. This method did not involve the participation of people experiencing poverty. This reference budget is also disconnected from the 60%median income line reference. Its level is not generous enough to ensure full participation in today's society. The situation of vulnerable people is made even more difficult by the current pressure to reduce social expenditures.

# WAYS FORWARD IN POLICY MAKING: THE EXAMPLE OF THE PENSION PILLAR

## **Adequacy is a central concept in the EU policy debate concerning pensions.**

At the EU level, within the Open Method of Coordination (OMC) for Social Protection and Social Inclusion, a Strategy on Pensions is implemented in parallel to the Strategy for Social Inclusion and the Strategy for Health and Long Term Care.

The EU Strategy on Pension is organized around the objectives of the **adequacy** of pension provisions and the **financial sustainability** of pension systems. The strategy aims notably at addressing the threats on the future of pensions posed by demographic evolution, and the persistent high risk of poverty among older people in many Member States. (See for more information the dedicated European Commission web page<sup>43</sup>).

Whereas the sustainability aspect tends to be often dominant in the ongoing national pension reforms, organisations representing the interests of the elderly insist on the fact that adequacy of income in old age must remain the fundamental goal of any pension model. (Detailed information on this debate can be found on the website of AGE, the European Older People's Platform<sup>45</sup>). Moreover, in the context of the crisis, older people's

organizations take the opportunity to recall the role of the state in ensuring adequate pensions for all, where individual contributions are supplemented by an efficient solidarity component.

In this respect, AGE Platform in its 2009 Statement on Pension *Ensuring adequate pensions for all in the EU — a shared responsibility for society*<sup>49</sup> reiterates with new urgency their call for:

- *A balanced and diversified pension architecture with adequate and reliable statutory schemes (the so-called first pillar);*
- *Strengthened security for individual entitlements in funded pension schemes;*
- *Measures to facilitate the retention of older workers in their jobs and access to quality employment for those seeking work;*

43. <http://ec.europa.eu/social/main.jsp?catId=752&langId=en>

44. [www.age-platform.org](http://www.age-platform.org)

45. Available at: <http://www.age-platform.eu/en/age-policy-work/social-protection/age-position-statements>



- *Specific attention to be paid to address the existing gender inequalities in old-age income and avoid creating new sources of inequalities for future cohorts;*
- *Support to individuals with shorter or atypical employment careers to help them build sufficient pension rights.*
- *Member States should guarantee a minimum income for older people equivalent to at least the poverty threshold of 60 percent of national median equivalised household income, as a way to promote their social inclusion and autonomy.*
- *Refer to the Article 1 of the European Charter of Fundamental Rights on human dignity when developing pension schemes i.e. the right to adequate minimum income should be recognised as fundamental and necessary for everyone's dignity and independence.*
- *Contribute on behalf of those who are unemployed, sick or caring for children and older dependants when private funded schemes are encouraged or imposed.*
- *Develop comprehensive safety net mechanisms allowing older people to live in dignity.*
- *Ensure adequate indexation to allow pensioners to keep up with society's progress and not fall gradually into a poverty trap. Modality of indexation is to be decided by the relevant national stakeholders according to the ongoing economic context.*

By doing so, AGE Platform insists on the need to ensure that any further pension reforms – when introducing a closer link between contributions and benefits – will be achieved in an appropriate and socially fair manner.

Putting forward the above demands regarding adequacy is particularly crucial in an EU where people aged 65 and over often have the highest at-risk-of-poverty rate among all age population groups.<sup>46</sup> According to AGE Platform, this implies specific recommendations in terms of policy response with regard to the most vulnerable older people groups, such as older women, single person, migrants or disabled people:



**The example of the Open Method of Coordination on pensions is telling: putting adequacy at the core of policy making is possible and operational; it brings together the promotion of a rights based approach and the response to specific needs.**

46. See social inclusion indicators on Eurostat website: [http://epp.eurostat.ec.europa.eu/portal/page/portal/employment\\_and\\_social\\_policy\\_indicators/omc\\_social\\_inclusion\\_and\\_social\\_protection/social\\_inclusion\\_strand](http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_and_social_policy_indicators/omc_social_inclusion_and_social_protection/social_inclusion_strand)

# ADEQUACY OF MINIMUM INCOME ADDRESSED IN POLICY MAKING TODAY

## NATIONAL EXAMPLES OF REFORM

In the current period, often in the context of active inclusion policies, a number of EU Member States have undergone or started discussing a reform of existing Minimum Income schemes. Did they take on board the adequacy challenges in this process? How did this happen and who said how much is adequate, and why?

Four of these national reforms processes are presented below (France, Austria, Finland and Belgium). These analyses have been directly provided by EAPN national networks.

EAPN observes that **current reforms concerning minimum income schemes are first dominated by the objective of pressing people into employment. The objective of allowing people to live in dignity is rarely mentioned.** However, in some cases, the issue of adequacy may have been raised at the margins of the debate, opening windows of opportunities for some progress on the issue.

### 5.1 The creation of the 'revenu de Solidarité active' ('rSa')<sup>47</sup> in France:

#### Implementing the active inclusion strategy

*Background: failure of previous minimum income schemes to get people into jobs*

RMI (combined income support/jobseeker's allowance) has been provided in France for 20 years (1988). It has met its first objective which was to provide everyone above 25 with the basic income to survive. But it has only partially achieved its other purpose – helping people integrate into society and employment.

The Government therefore decided to change it in order to “activate passive expenditure”, i.e. to create a stronger tie between benefit and employment.

47. Active-Solidarity Income.

## *The policy tool – current status and process: creation of the ‘rSa’ (‘revenu de Solidarité active’)*

The rSa is a new minimum income scheme that is replacing the former scheme (entitled RMI, for ‘Minimum Income for Insertion’).

The legislation was passed after a trial run in different *Départements* in December 2008, and implemented from 1 June 2009.

More recently (October 2009), the rSa has been made accessible for young people under 25, provided that they have worked at least two years during the past three years. Previously, the rSa was not accessible to people under 25.

People experiencing poverty took part in the groundwork for creating the rSa as part of a comprehensive governance mechanism involving key stakeholders.

### *Key elements: what’s new?*

The rSa strengthens incentive-to-work provision: the in-work poor will be able to partially add their benefits to their wages.

Minimum income level is not upgraded.

### *How is adequacy addressed?*

The reform aims at addressing the issue of working poverty, and to encourage minimum income claimants back into employment. **Adequacy is not seen in terms of what is needed to live a decent life, but in terms of what is seen as a “fair” reward for people participating in the labour force.**

## *Strengths and weaknesses of the reform*

rSa represents undeniable progress for those in the working-poverty trap, who will have slightly more money coming in.

But NGOs **had called for a 25% increase in RMI over 5 years to keep pace with the increase in the incomes of people with disabilities and the elderly, and for the amount to be linked to the cost of living index. That was not agreed**, which is regrettable given that the purchasing power of RMI has declined significantly compared to the minimum wage.

NGOs’ big complaint about rSa is that it has not improved the plight of those in greatest difficulties and most out of touch with employment. Nothing new has been done for these groups, and they will get less help than those in work.

EAPN France also regrets the conditionality element of the rSa: claimants can be penalized for failing to abide by their integration contract or refusing two job offers that match their profile

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## 5.2 Austria: A new law on means-tested minimum income

### *The weaknesses of current decentralised system*

Social welfare benefits such as social assistance, disability benefits, costs for retirement and care homes are non-contributory, “last-resort” elements of the Austrian social security system. Financed by general taxation, they are meant to provide a **survival minimum in cases of need or emergency**.

The most important **social assistance (Sozialhilfe)** is defined, implemented and administered by the Federal Provinces (Bundesländer).

According to the Austrian Constitution each province has its own Social Assistance Act (Sozialhilfegesetz), but there are some **common basic principles**: social assistance is granted in individual situations of need if a person's own resources and payments from third parties are no longer sufficient to allow for a decent way of life. Eligibility depends on household resources; other relatives have a duty to provide financial support. All resources are considered in the means and income test (apart from family benefits). If circumstances allow, the benefit must be repaid after the recipient has stopped receiving social assistance (though not all provinces enforce this regulation).

**Minimum standards are missing** for most of the social benefits and as well for social assistance. As a result, more than half of the unemployment benefits and more than 80% of social assistance benefits are below the ‘Ausgleichszulagenrichtsatz’ (an assistance which is paid to supplement low pensions in order to raise them to a certain level).

Claiming social assistance is **highly stigmatized** and there is a **severe lack of information** with regard to the eligibility criteria. Social researchers estimate that there is a **non-take-up rate of 50%**.

Moreover, a survey carried out by the Austrian EAPN, showed that there were severe deficits in the distribution of social assistance. 17% of the questioned NGOs have had the experience that the social assistance offices dismiss claims for social assistance, 47% report that the access to social assistance has only been agreed after the intervention of an NGO, very often the amount paid is below the standard defined in the Social Assistance Act.

### *A new national means-tested income system*

**The core objectives** of the new model of a means-tested minimum income system (*‘Bedarfsorientierte Mindestsicherung’*) are the **implementation of minimum standards and better access to social transfers**, including improving the take up rate. It does not question the central principles of the Austria social system (e.g., its emphasis on access to the labour market and the household principle).

**The process** of introducing an Austrian wide means-tested minimum income system started a few years ago, with negotiations regarding which level of income is adequate and what a minimum income system should include.

The former government has organized conferences to discuss their conception of a means tested minimum income. The new government has adapted the original plan and reduced the scope without any public discussion.

**EAPN Austria was not directly involved in the shaping of the reform, but took the shaping of this law as a window of opportunity to campaign for the Minimum Income they want in the framework of the EAPN campaign.** They provided regular input and assessment in relation on the reform – press releases, public discussions, and inputs in various public events

At the moment the minimum income system in Austria is in the process of negotiation between federal and national governments. The agreed date for implementation is September 2010.

### *What's new?*

- *The creation of a national minimum income scheme, synchronizing existing federal schemes;*
- *Standardized regulations for minimum income in Austria (requirements, recuperation regulation, one common minimum income level, procedural law);*
- *Inclusion of all recipients in health insurance;*
- *Reduction of the minimum income up to 50% if a person is considered as not "willing" to work.*

### *How is adequacy addressed?*

According to the current draft, the minimum income scheme should **cover housing and living costs**. Furthermore it should be sufficient to cover costs for medical treatment when necessary and to enable social and cultural inclusion. A single person would be entitled to € 744 (12 times a year) which is about € 200 below the poverty line (€ 951 per month in 2008).

Adequacy was not the initial aim of the reform, but EAPN Austria has always claimed adequacy as a topic in public discussion.

### *Strengths and weaknesses*

The reform includes health insurance for all recipients.

It limits the obligation to pay back benefits when accessing work.

It aims at the harmonization of the different federal schemes.

But some aspects still do not give satisfaction:

- *It does not include a sufficient amount to cover rent and energy costs;*
- *It does not cover costs linked to special needs;*
- *The level of minimum income will still be well below the poverty level;*
- *It will still be paid to households rather than to individuals;*
- *It will still include punitive conditionally in terms of availability for work.*

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## **5.3 Finland: Reform of pensions and benefits in 2011**

### *Background*

The current social protection system consists of a large number of different social security benefits created and amended over decades. It is not considered as fair, comprehensive or providing sufficient incentives in the context of ageing population and globalization.

In its Government Programme (19 April 2007) the current Cabinet of Finland plans to reform gradually the whole social protection system.



More information on: [www.stm.fi/en/strategies\\_and\\_programmes/sata](http://www.stm.fi/en/strategies_and_programmes/sata)

## *The policy tool and the process*

The aims of the reform are to make accepting job offers more attractive, to reduce poverty and to ensure an adequate minimum income in all life situations. A further aim is to make the entire system of social protection simpler and clearer.

The reform is being prepared by the SATA committee consisting of representatives of the relevant administrative sectors, and of the labour market organisations and the third sector.

The Committee submitted its proposal for the basic principles of the overall reform in January 2009.

## *What's new?*

The proposals of the Committee cover the whole sphere of the national social security system. However, two recommendations have already been adopted by the Government, both concerning the adequacy of minimum income:

- *Introduction of the **guarantee pension** in order to ensure that the smallest pensions reach a reasonable level (€685 per month in current money), to be implemented as from March 2011*
- *Basic social security benefits (minimum allowance, child benefit, home care subsidy, private day care subsidy) will be **linked to the consumer price index**. The first index increase will be effective from 1 March 2011*

See: [www.stm.fi/en/income\\_security](http://www.stm.fi/en/income_security)

## *How is adequacy addressed?*

Adequacy of the minimum income was **one of the initial aims of the reform. It stems from the Constitution**, which stipulates that everybody has the right to essential subsistence and care, and the right to basic income security in the event of unemployment, illness or disability and during old age as well as at the birth of a child or the loss of a family provider.

The concept of adequacy is not yet defined. According to the Committee, a comparison with the general level of income and standard of living can be used as a point of reference but, ultimately, what is considered as an adequate standard of living is always a value-based judgement and thus subject to political decision-making.

The Committee is proposing a rule whereby the Government **would be required to assess the adequacy of the basic security benefits every four years**, based on the development of general income levels, taking into account both the sustainability of the public economy, social sustainability and other requirements linked to the average development of the society.

## *Strengths and weaknesses*

The above mentioned recommendations are good and important, but insufficient. Raising the level of the basic security benefits is essential to solve the plight of those who are in the most difficult situations. Unless this is done, relative poverty and social exclusion can only be expected to increase.

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## 5.4 Belgium: A general planification tool against poverty

### Background

The Belgian Constitution states that “everybody has the right to live in dignity” (Article 23).

In 2006, 14.7% (equivalent to 1 470 000 persons) of the Belgian population was living under the poverty line.

The current amount of the Minimum Incomes Schemes (€726 per month for a single person), entitled the ‘Social Integration Income’ **is below the poverty line** (€878 per month for a single person in 2009).

A Public Service devoted to the Fight against poverty, precarity and social exclusion was created in 1999.

### The Federal Anti-Poverty Plan

An Anti-Poverty Plan was adopted at national level in July 2008 for the years 2009, 2010 and 2011, through of a participative process: all Ministries (of all 6 governments in Belgium) and all actors of civil society were consulted. The Belgian Anti-Poverty Network was actively involved and still as a privileged advisory status.

### What’s New?

A series of measures aiming at fighting poverty, clustered under 6 main objectives:

- *An income allowing people to plan their future;*
- *Guarantee of the right to health;*
- *Employment as a source of social integration and well-being;*

- *Access to housing;*
- *Guaranteed access to energy;*
- *Access for all to public services.*

### How is adequacy addressed?

Without the word ‘adequacy’ itself being used, the issue of adequacy is dealt with under different objectives of the plan. A first range of measures aims directly at increasing the level of incomes: the first objective (‘an income allowing people to make plans for their future’) includes increasing purchasing power through an increase of the social benefits, an increase in minimal pensions, and family benefits.

A second range of measures aims at ‘guaranteed access for all to energy’. It includes the development of a ‘social tariff’ for energy.

A last range of measures aims at ensuring ‘access for all to public services’. It encompasses measures concerning social tariff for phones, fight against digital divide, and reduced internet access tariff.

The plan to raise social benefits (including the *social integration income*) to the level of the poverty line has been integrated by the State Secretary during the preparation of this Federal Plan, but then not pursued by the government.

### Strengths and weaknesses

The reform helped to build a consensus among a variety of actors including Secretary of State on the need to raise social benefits in order to respect human dignity.

Progress on the issue has to be gained step by step; an important step has been building public consensus.

Progress on adequacy can be gained by raising the level of income itself and actions to raise effective standard of living for people in poverty.

But in the end the availability of public budget remains the ultimate criteria

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# CONCLUSION

More and more evidence is being gathered that establishes the urgent need to reform the current state of play regarding Minimum Income schemes in the EU. Both academics and people on the ground are saying that the current systems do not guarantee access for all to a dignified life. This failure is putting social cohesion at risk.

An increasing number of actors are trying to address this issue. Small steps are being made. This trend is visible both through projects aimed at approaching concretely what adequacy means and policy debates around current Minimum Income schemes reforms.

The EU dimension could play an important role as a catalyst for progress on this issue, provided that Member States agree to move forwards on the implementation of the commitment that they made in 1992 in favour of *"a fundamental right to sufficient and reliable resources"*.

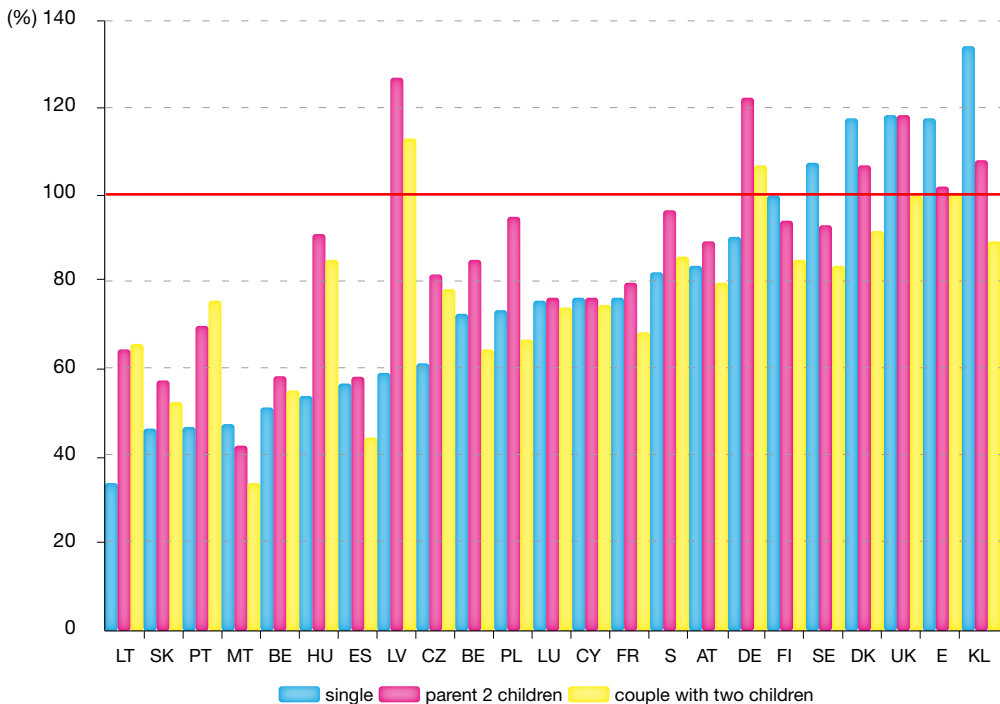
The recommendations made by the Report of EU networks offer an important way forward (see Annex 2).

The Adequacy of Minimum Income is at the core of EAPN's concerns. A specific website ([www.adequateincome.eu](http://www.adequateincome.eu)) has been devoted to EAPN's campaign for Adequate Minimum Income schemes for all, where detailed information about developments on the issue as well as campaigning actions taken can be found.



## Annex 1: net income of social assistance recipients (2006)<sup>48</sup>

**As a % of the at-risk-of-poverty threshold for 3 jobless family types, incl. housing benefits.**



Only countries where non-categorical social assistance benefits in place are considered.

Source: Joint EC-OECD project using OECD tax-benefit models, and Eurostat.

48. In Commission staff working document Monitoring progress towards the objectives (...) Social Inclusion, October 2008.

## Annex 2: Main conclusions and suggestions from the 2009 Report of EU Network of Independent experts on Minimum Income<sup>49</sup>

### *Adequacy*

1. In order to address the lack of clarity as to what constitutes an adequate minimum income to live life with dignity, it would be very helpful if the European Commission and Member States could agree on common criteria which would assist Member States in ensuring that their MISs meet the requirements of the 1992 EU Council Recommendation on common criteria concerning sufficient resources and social assistance in social protection systems and of the 2008 European Commission Recommendation on the active inclusion of people excluded from the labour market. These common criteria could then provide the basis for reporting on and monitoring Member States' conformity with these Recommendations. In order to reinforce the importance of MISs within the Active Inclusion agenda, consideration might then be given to adopting an EU Framework Directive on the adequacy of minimum income schemes which would incorporate the agreed common criteria.
2. All Member States who have not already done so should urgently consider initiating a national debate to build a consensus on what level of minimum income is necessary in their country to enable all people to live in a manner compatible with human dignity and to lift them out of poverty and social exclusion. Such a debate could be informed by the common criteria proposed in our first suggestion.
3. As an interim step to ensure the adequacy of all MISs, all Member States could consider setting the goal that within a given timeframe (to be defined nationally) the combined effect of their minimum income provisions and other policy measures would be sufficient to lift all persons above the at-risk-of-poverty line of the country where they live (i.e. 60% of the median national household equivalised income). This would be in line with the aforementioned European Parliament Resolution of 6 May 2009, in which EU deputies stated that "the implementation of Recommendation 92/441/EEC needs to be improved in relation to minimum income and social transfers" and that "social assistance should provide an adequate minimum income for a dignified life, at least at a level which is above the "at risk of poverty" level and sufficient to lift people out of poverty". Progress towards this would need to be closely monitored and reported on by the Commission.

49. See: [www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/minimum-income-schemes](http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/minimum-income-schemes)

## *Uprating*

4. All countries which do not already have a transparent and effective mechanism for uprating the value of their MISs on an annual basis should consider putting one in place. This mechanism ought to ensure that MISs keep in line both with inflation and rises in standards of living. The Commission could usefully support the exchange of learning and good practices across EU countries on effective and timely uprating mechanisms.

## *Coverage*

5. Those Member States with very complex systems should consider simplifying these and developing more comprehensive systems.
6. Those countries whose MISs exclude significant groups experiencing poverty such as homeless people, refugees, asylum seekers, undocumented migrants and Roma should consider amending their schemes to better cover them.

## *Non-take-up*

7. All countries which do not already do so should consider putting in place arrangements to monitor levels of non-take-up and the reasons for this; they should also consider introducing and monitoring the effectiveness of strategies to reduce non-take-up. In this regard, at the central level, administrative records could be used to detect households at risk of poverty, who may then be contacted proactively to check their potential entitlement to a minimum income benefit. In countries where administrations are weak, strategies could include initiatives to build capacity at the appropriate level (national and/or sub-national) to deliver minimum income schemes in an efficient and transparent manner. In addition,

it will be important to ensure consistency in the interpretation of eligibility criteria so as to avoid discrimination and racism in the delivery of MISs.

8. In close cooperation with Member States, the Commission could usefully document and disseminate examples of successful strategies developed by Member States to increase take-up.

## *Disincentives*

9. In close cooperation with Member States, the Commission could also document and disseminate Member States' good practices that address at the same time the dual challenge of ensuring that: a) MISs are efficient in removing disincentives to take up work and in ensuring that those in work have incomes that lift them above poverty; and b) the adequacy of MISs is guaranteed. This is essential to avoid some people being left outside the system.

## *Linking the 3 pillars of "active inclusion"*

10. Member States lagging behind should consider putting in place a more systematic approach to targeting active labour market measures at recipients of MISs and to giving them a right to participate in activation measures and to developing more personalised and comprehensive systems of support. The provision of quality supporting services should be considered at least as important as the use of financial incentives and sanctions.
11. Those Member States who are not already doing so should consider giving specific attention to ensuring that recipients of MISs have access to quality services; they should also consider best ways of closely monitoring progress in this area.



12. In close cooperation with Member States, the Commission could usefully document good examples of Member States linking MISs to active labour market measures and access to quality services. As part of this, it would be helpful to document examples of good practices in ensuring a coordinated approach at local level through initiatives such as “one stop shops”. This is again an area where the exchange of learning and good practices ought to be promoted.

### *Economic and financial crisis*

16. In the light of the economic and financial crisis, the Commission and Member States should reflect on the best ways of ensuring that the key role being played by MISs, as both a means of protecting the most vulnerable and an important economic stabiliser during the crisis, is a key part of their monitoring and reporting on the crisis.

### *Monitoring and reporting*

13. In the context of the Social OMC and the 2008 Recommendation on active inclusion, the Social Protection Committee should consider establishing a transparent system for regularly monitoring and reporting on the role played by MISs in ensuring that all citizens have the means and services necessary to live life with dignity.

14. To assist Member States and the Commission in their regular reporting, consideration should be given to enhancing the role of the Mutual Information System on Social Protection (MISSOC) in systematically documenting the development of MISs and providing comparative tables on the characteristics of MISs across the EU.

15. As part of monitoring the adequacy, coverage, effective delivery and take-up of their MISs and social assistance services, Member States who have not already done so could usefully establish procedures to involve the active participation of beneficiaries in the regular monitoring of these schemes.

# Annex 3: main documents and projects related to adequate minimum income

## European Union's Official Documents

National Experts synthesis report on Minimum Income Schemes Across EU Member by Hugh Frazer and Eric Marlier, October 2009, as well as National Expert Reports are available on the **Social Inclusion Peer Review website**.

European Parliament (non-legislative) Resolution on the active inclusion of people excluded from the labour market, May 2009:

[www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2009-0371+0+DOC+XML+V0//EN](http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2009-0371+0+DOC+XML+V0//EN)

Council conclusions on Common Active inclusion principles to combat poverty more effectively of 17 December 2008.

[www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/lsa/104818.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lsa/104818.pdf)

**Commission staff working document.** *Monitoring progress towards the objectives of the European Strategy for Social Protection and Social Inclusion, October 2008*

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/2008/omc\\_monitoring\\_en.pdf](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/omc_monitoring_en.pdf)

*'Trends, Recent Developments, Active Inclusion*

*and Minimum Resources'*, Synthesis report of the independent review based on national reports from independent experts, first semester 2006 [www.peer-review-social-inclusion.eu/network-of-independent-experts/2006/first-semester-2006?set\\_language=en](http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2006/first-semester-2006?set_language=en)

92 Council Recommendation 92/441/EEC "on Common criteria concerning sufficient resources and social assistance in the social protection systems <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31992H0441:EN:HTML>

Directorate General for Employment Social Affairs and Equal Opportunities web page devoted to the Open Method of Coordination: <http://ec.europa.eu/social/main.jsp?catId=753&langId=en>

The data base of the mutual Information System on Social Protection (MISSOC) offers a series of comparative tables on social protection systems in the EU. However the comparability of national minimum income schemes is limited in the reality given the lack of common definition. See: <http://ec.europa.eu/social/main.jsp?catId=815&langId=en>

## NGO's campaign, networks, projects

**EAPN's campaign** in favour of adequate minimum income schemes, with key background documents and EAPN website on

minimum income policy developments

See: [www.adequateincome.eu](http://www.adequateincome.eu)  
and [www.eapn.eu](http://www.eapn.eu)

The **Basic Income Earth Network (BIEN)** is an international network that serves as a link between individuals and groups committed to or interested in basic income, and fosters informed discussion of the topic throughout the world. See: [www.basicincome.org/bien/aboutbasicincome.html](http://www.basicincome.org/bien/aboutbasicincome.html)

The **European Consumer Debt Network** is involved in a transnational project aiming at promoting the construction and use of standard budgets across the EU as an important instrument to combat social exclusion: [www.ecdn.eu](http://www.ecdn.eu)

Experience of the **Vincentian partnership for justice** in Ireland concerning standards budgets: [www.budgeting.ie](http://www.budgeting.ie)

Project of the **Joseph Rowntree Foundation** showing the costs of covering basics goods and services for different household types: [www.minimumincomestandard.org](http://www.minimumincomestandard.org)

## Social standard transnational project:

[www.eapn.ie/eapn/setting-minimum-social-standards-across-the-european-union](http://www.eapn.ie/eapn/setting-minimum-social-standards-across-the-european-union)

## Belgian project:

[www.menswaardiginkomen.be](http://www.menswaardiginkomen.be)

See also a power point presentation: [http://onderzoek.khk.be/domein\\_SociaalEconischBeleid/documents/PPTbudgetstandaardBereniceStorms.pdf](http://onderzoek.khk.be/domein_SociaalEconischBeleid/documents/PPTbudgetstandaardBereniceStorms.pdf)







**Since 1990, the European Anti Poverty Network (EAPN) has been an independent network of non-governmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union.**

This explainer has been drafted by Claire Champeix from EAPN's Secretariat with support from the EAPN Social Inclusion Working Group and Sian Jones from the EAPN's Secretariat. This document builds on published work by several researchers in the field of poverty and social inclusion. The detailed references to their publications are to be found in the footnotes and in the bibliography. We also thank Eric Marlier and Hugh Frazer for their useful comments.

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