

# Laying the foundations for a fairer Europe

## Ensuring an Adequate Minimum Income for all

### EAPN & BAPN Conference

24 September 2010, Brussels

#### Key conclusions

The inadequacy of existing Minimum Income schemes is a major concern; in the context of the crisis, these schemes are even more needed just when they are threatened by the dismantlement of the Welfare State through deep austerity cuts in benefits and services. This situation contradicts previous commitments made by Member States, notably with the 92 Council Recommendation.

There is a growing consensus around the crucial importance of implementing Adequate Minimum Income as a basis for social cohesive societies and socially sustainable growth. In the Europe 2020 Strategy, the EU has set a target to reduce poverty by at least 20 million by 2020. This goal cannot be reached without strengthening Minimum Income and social protection systems.

EAPN launches a call for a Framework Directive for an Adequate Minimum Income, which is not only needed, but possible and feasible. The implementation of an Adequate Minimum Income for a dignified life should be at the core of National Action Plans and National Reform Programmes.

The Belgian Presidency is demonstrating a visible commitment to Minimum Income as one of their key priorities and **the Hungarian Presidency committed itself** to progress on the implementation of the 92 Recommendation, including development of common principles on adequacy.

The **Commission committed itself** to make full use of the opportunities of the Europe 2020 Strategy notably the implementation of the agreed EU poverty target at national and EU level to progress on the implementation of the Active Inclusion strategy, including access to adequate Minimum Income for all.



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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 partners.



The Belgian Anti-Poverty Network (BAPN) is engaged in the fight against poverty at national level through associations involving people experiencing poverty and through civil society partners.

Pictures in this report were taken by Rebecca Lee and Nellie Epinat.

## INTRODUCTION



The conference jointly organised by the European Anti Poverty Network (EAPN) and the Belgian Anti-Poverty Network (BAPN) gathered together around 200 people from all over the EU on the 24<sup>th</sup> of September in Brussels. Participants included high-ranking representatives from EU institutions, and from Trade-Unions, academics, experts, anti-poverty activists at EU and national level, as well as People Experiencing Poverty.

This was a participative lobbying conference that allowed a direct dialogue between people concerned and decision-makers around specific demands, at a timely moment in the EU decision-making process – particularly in relation to the delivery of the target to reduce poverty by at least 20 million by 2020, established by the Europe 2020 strategy. Each EAPN delegation consisted of 1 person directly experiencing poverty and a representative from the EAPN National Network delegation (1+1).

Their participation was facilitated by:

- An internal preparation meeting organised the day before the conference;
- Background documents to the conference and workshops;
- Formal intervention by People Experiencing Poverty in plenary sessions and in each workshop;
- Whispering translation that allowed people to participate in their own language.

At the end of the day, EAPN members shared enthusiasm about the richness of the content of the conference and were energized by the support given to their fight. Evaluation of the event showed that a number of participants changed their views regarding Minimum Income, the majority who completed the evaluation form supported the development of a framework directive and most had developed new arguments.

This short report presents key points, main statements and principle conclusions of the conference. All the conference material (background papers, programme, speeches, and power point presentations are available on EAPN's website: ([www.eapn.eu](http://www.eapn.eu)).

## PART 1. WHAT IS AT STAKE? THE URGENT NEED FOR PROGRESS ON MINIMUM INCOME

### Why Minimum Income is an issue

Ludo Horemans, President of EAPN, reminded us that the lack of progress on Minimum Income schemes was a violation of Human rights. *“It’s a disgrace for the EU that millions of its citizens are forced to make choices about basic needs, between eating and spending for schooling for one’s children, heating the house or getting medical treatment”*.

As an introduction to the debates he presented the context and EAPN demands. Minimum Income provisions are **social assistance schemes of last resort**, and are therefore a lifeline for the people in greatest poverty. They are a basic human right, underpinned by the Charter of Fundamental Rights and a key pillar of the European Social Model. It is a pivotal element of the fight against poverty.

In June 1992, the European Council issued a **Recommendation** on common criteria concerning sufficient resources and social assistance in social protection systems. This recommendation initially stimulated positive revisions and developments in Member States’ Minimum Income schemes. However momentum was lost. The social impact of the crisis has further underlined the importance of Minimum Income and social protection systems as ‘automatic stabilisers’, promoting social cohesion as well as preventing and alleviating poverty. In 2008, the Commission adopted a **Recommendation on Active Inclusion of people excluded from the labour market** which “recognised the individual’s basic right to resources and social assistance sufficient to live a life that is compatible with human dignity”. In 2010, the EU has set a target to reduce poverty by at least 20 million people by 2020 within the Europe 2020 Strategy. This is a major breakthrough at a time when the social consequences of the crisis push more and more people everyday into unemployment and poverty. Achieving such an ambitious target requires an improvement in the existing social protection. A European Platform against Poverty has been announced as an EU Flagship initiative. EAPN has highlighted in their [proposal](#) on the Flagship Platform against Poverty, that making progress on access to adequate Minimum Income for all and the development of social



standards would be essential if we want to deliver on this poverty target and should be central to a reinforced Social Open Method of Coordination (OMC) complemented by dynamic national and EU Platforms against Poverty.

The reality is that EAPN members share great concern about the **obvious inadequacy of existing Minimum Income schemes**: 3 Member States (Hungary, Greece and Italy) as well as Norway do not implement national Minimum Income schemes, and most Minimum Income schemes continue to keep people below the poverty line, falling far short from providing an adequate income. Pressure to reduce public deficits and to comply with the Stability and Growth Pact is leading Member States to implement cuts in Minimum Income levels and to tighten eligibility, with devastating impact on people already, or newly, living in poverty.

The report<sup>1</sup> commissioned by the European Commission to the European Network of Independents Experts in 2009 provides clear evidence about the lacks in the current Minimum Income schemes, from the points of view of adequacy, coverage and non take-up, as well as in relation to labour market policies and access to services. They conclude that there is room for increased effectiveness and efficiency of Minimum Income schemes and that the EU has a role to play, not conflicting with the “subsidiarity” principle. They make a series of recommendations (see [full presentation](#)). Some key recommendations relate to the issue of the adequacy of Minimum Income:

- *“It is essential but not easy to define an ‘adequate’ Minimum Income to live life with dignity (in line with the requirements of the 1992 and 2008 Recommendation)”*
- *“-“The Commission and Member States should agree on common guidelines/criteria that could assist countries in ensuring that their Minimum Income schemes are ‘adequate’ (the objective would be to create not a single Minimum Income for all 27 Minimum Income schemes but a common framework)”*
- *“The agreed common guidelines/criteria could be incorporated in an EU Framework Directive on the adequacy of Minimum Income schemes in order to reinforce the importance of Minimum Income schemes within the AI agenda”*
- *“Member States who have not already done so should initiate a (sub-) national debate to build a consensus on what level of MI is ‘adequate’. Such a debate could be informed by the agreed common guidelines/criteria. ‘Standard Budgets’ may provide useful information on this”.*

### **EAPN calls for a Framework Directive on Adequate Minimum Income for all**

EAPN has been running a long-standing campaign on the importance of adequate Minimum Income schemes, convinced that high quality Minimum Income schemes are



<sup>1</sup> [Minimum Income schemes across the EU](#), Eric Marlier and Hugh Frazer, 2009.

an essential foundation for building fairer societies.

(See EAPN campaign website: [www.adequateincome.eu](http://www.adequateincome.eu))

In 2009/2010 EAPN has been working hard on the issue of adequacy (Why are the current Minimum Income schemes inadequate? What would an adequate Minimum Income mean? How should we calculate an Adequate Minimum Income? How could we fund adequate Minimum Income schemes? EAPN has issued an [Adequacy Explainer](#), bringing together facts and testimonies, and showing the added value of budget standard approaches to define adequacy.

At the occasion of this conference, building on the experts' recommendations mentioned above, EAPN launched a call for a Framework Directive on Adequate Minimum Income and published the [working paper commissioned to Anne Van Lancker](#) (former MEP, independent expert) showing that a Framework Directive on Minimum Income is not only needed, but feasible and necessary.

### **2010 is a window of opportunity for the EU to move forwards on Adequate Minimum Income for all**



The new EU strategy post 2010 Europe 2020 has established a poverty target to reduce the number of people living in poverty by at least 20 million by 2020, backed by a specific Flagship Platform against Poverty and delivered through Guideline 10 on poverty and social exclusion. Progress on guaranteeing a Minimum Income will be a vital element to delivery on the poverty target (particularly in reducing at risk of poverty and material deprivation – 2 of the 3 indicators) and would provide a

strong positive legacy for the EU Year for combating Poverty and Social Exclusion. It would also comply with the social clause in the Lisbon Treaty as well as with the opinion expressed by the European Parliament (during 2010, the European Parliament is also developing an important own initiative report on “Minimum Income as a tool to fight poverty” in support of these demands). EAPN representatives insisted on the importance for the EU to deliver social progress at a time when people are confronted with huge difficulties - heightened by the threat of the dismantlement of the Welfare State in many Member States - **and are losing confidence in the EU**. People expressed anger at the decisions being made by the EU and most Member States in their recovery packages; that after having bailed out the banks, they are cutting benefits and service provision within their austerity plans.

**The Belgium Presidency has shown a visible commitment** to Minimum Income as one of their key priorities. They have taken a much-needed leadership role in attempting to convince Member States of the need to develop a common EU framework on Minimum Income, but were confronted with overriding reluctance from other countries.

Despite such a negative political context, the Belgium Presidency has gained the agreement of the Social Protection Committee and the Commission to organise a Peer Review on Budget Standard Methodologies – to be held on the 27<sup>th</sup> November 2010. The Social Inclusion Round Table in October, followed by the meeting of Ministers in charge of the fight against poverty, took Minimum

Income as a key priority in the context of the implementation of Active Inclusion. Expectations are high regarding a positive commitment to progress to be endorsed by the Employment and Social Affairs Ministers Council.

### **Uncertainties regarding the EU processes for the fight against poverty and social exclusion**

The seminar took place at a time of profound reorganisation of the EU processes in relation to the fight against poverty and social exclusion. EAPN considers that the agreement of an EU poverty target is a major achievement, however there are still concerns about the way it is going to be implemented and monitored at national and EU level. For EAPN, reducing the number of people in poverty by at least 20 millions must go hand in hand with an improvement of the situation of all the 84 million people experiencing poverty today.

Concerns are also expressed regarding the fact that, despite incorporating a social objective, the Europe 2020 Strategy is still orientated towards growth as a priority objective rather than as a means for achieving a cohesive society. It is feared that the social aspect is at risk of being sidelined in the monitoring of the National Reform Programmes. The announced Flagship initiative 'European platform against poverty' is still not clearly defined. The role of the Social OMC is also not clear, and the retention of an integrated, multidimensional National Action Plan for Social Inclusion together with the National Strategic reports based on active stakeholder engagement is under threat.



EAPN has set out its [proposals on the 'European Platform against Poverty'](#) which puts progress on social standards at the heart. EAPN key proposals for this flagship are:

- 1) Reinforce the Social OMC based on better stakeholder engagement in the National Action Plan and in thematic clusters and delivery on the common objectives.
- 2) Develop mechanisms to assess the effectiveness of current instruments and move forward on establishing European frameworks to guarantee EU social standards.
- 3) Mobilize EU financial instruments to support the development of social and sustainable service infrastructure, demonstration projects and better participation and governance promoting civil dialogue.
- 4) Ensure that Social Inclusion objectives are mainstreamed across Europe 2020, linked to effective Social Impact assessment.

During the conference EAPN insisted that a strong participative social process needs to underpin the governance and the implementation of the 2020 Strategy. *"The National Action Plan involving*

*stakeholders, including people experiencing poverty and social NGOs is the heart of the Social OMC. We urge the Commission and Member States to defend and strengthen the social Open Method of Coordination, based on the National Action Plans to feed into the National Reform Programme process” said Fintan Farrell, Director of EAPN. “Both are needed for an effective social strategy. Progress towards the establishment of EU social standard should be at the core of the work of this EU social process.”*

## PART 2. WHAT THEY'VE SAID. EXPERTS AND DECISION-MAKERS KEY STATEMENTS

During the two lively plenary sessions:

- Academic experts but also People Experiencing Poverty shared their expertise;
- Prominent representatives of EU institutions answered the demands and concerns raised by People Experiencing Poverty and anti-poverty activists<sup>2</sup>.

Below are highlighted key statements made; full presentations are accessible on EAPN's website [www.eapn.eu](http://www.eapn.eu).

### People experiencing poverty share their experience

**Béla Radics, from the Hungarian Roma community** participated in a training course based on a Belgian model which gives him the qualification of an 'Expert by experience in poverty and social exclusion' recalling the intolerable situation of his community. He said:



*"In the Hungarian society the prejudices towards the Roma population and the increasing intolerance against the poor are leading slowly to social explosion. There is a danger of a civil war status. (...) If you succeed in carrying through a law which would guarantee a secure and unconditional minimum income in all the countries of the European Union, you would save millions of lives of starving children and adults, avoid civil war conflicts and prevent genocides."* Access the [full speech here](#).

**Genevieve Baert, a mother of 5 from Belgium living on unemployment benefits**, shared the harsh reality of raising children in a situation of poverty, and showed how the lack of decent income is keeping children excluded from the normal activities for their age.

*"I am trying to avoid going into shops so that my children don't get tempted. I also don't have a TV for the same reason. For birthdays, we buy clothes, as they are needed anyway and we can't afford anything else. I have a child who wants to be a baker ever since he was 4, and school is*

*very expensive, also clothes. School trips are a huge problem. My daughter's school is going to Paris and I am trying to negotiate a way to handle the cost."*

### Alarm raised by other experts

**Philippe Delhez, from the National Bank of Belgium**, demonstrated that poverty can't be approached from one perspective only, but that the large variety of EU indicators are to be used, including the perception people have of their household's financial situation – which may depend not only on their actual disposal income but also on the support they may count on-, education level, gender and age... He highlighted that women are clearly more exposed to poverty and

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<sup>2</sup> See programme in the annexes.

precarity than men. He pointed out the fact that the latest available EU data only comes from 2008, i.e. before the crisis: consequently the current situation is far more worrying than the one reflected by official data.

**Eric Marlier, Manager of [EU Network of Independent Experts on Social Inclusion](#)**, building on the study on Minimum Income schemes across the EU issued in 2009<sup>3</sup> stressed the disturbing weaknesses of the current schemes:

*“Most Minimum Income schemes fall short and many very far short of meeting the requirement of the 1992 & 2008 Recommendations”, he said. “In most Member States, Minimum Income schemes alone are not sufficient to lift people out of poverty” he insisted. He highlighted that recent efforts to modernise Minimum Income schemes & social assistance have focused on financial incentives to work, but that the lack of clear mechanisms to upgrade Minimum Income has sometimes led to deterioration in benefit adequacy over time”. He stressed that “in all Member States, though to varying degrees, non-take-up significantly affects the effectiveness of Minimum Income schemes. Complex rules, discretionary assessment, lack of information, administrative errors and fear of stigma are some of the many reasons for non-take up”.*

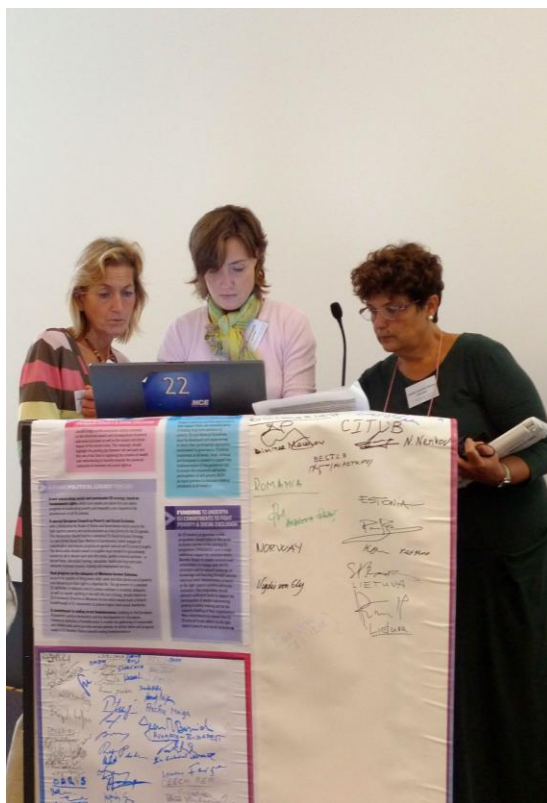
He insisted that, *“if Minimum Income schemes are clearly a competence of individual Member States the EU has yet a major role to play: subsidiarity is not an excuse!”*

### Decision makers statements

Important speeches were delivered by **László Andor**, European Commissioner for Employment and Social Affairs, **Philippe Courard**, Belgian Secretary of State for Social Integration and Combating Poverty and **Magda de Meyer**, Head of the Belgian anti-poverty service, **Jozef Niemiec**, Confederal Secretary, European Trade-Union Confederation, **Antonia Carparelli**, Head of the Social Inclusion Unit, European Commission, **Imre Nyitrai**, Deputy State Secretary, Hungarian Government. Copies of powerpoint presentations are available on the EAPN website<sup>4</sup>. (Ms Pervenches Berès, Chair of the Employment Committee, European Parliament could not participate in the panel due to strikes in the French railways.)

### Decision-makers shared concern about the current situation

*“The indicator of 60% (poverty line) is underestimated. In many households, especially those with older children, this poverty line falls behind the amount which is needed.”* **Magda de Meyer**



<sup>3</sup> (National reports and the EU synthesis analysis are available [on line](#); see also presentation of the experts' report in the part 1 above),

<sup>4</sup> [Speeches](#)

*"Available figures of poverty do not take into account the impact of the crisis – the true figure is likely to be much higher. Some estimate that the number of people living at risk of poverty could be as much as 10 million higher. This is not acceptable in a European Union that was built around the ideal of unity and solidarity between the people of Europe."* **László Andor**

*"In-work poverty is a key concern and one of the causes of the current crisis."* **Jozef Niemiec**

### **Decision makers shared the view that progress is needed on Minimum Income**

*"Inequalities in the distribution of wealth are one of the causes of the current crisis".*

*"There should be a positive hierarchy between Minimum Income and minimum wages. Minimum Income should be high enough to support our fight for better wages. Minimum wages should be set higher than Minimum Income so as to encourage workers."* **Jozef Niemiec**



*"It is a collective mistake [not to implement Adequate Minimum Income all through the EU]. Redistributing is economically wise as the money redistributed flows directly into the economy". "Investing in adequate Minimum Income can bring a lot in return." "I will make my best effort to promote a message of solidarity".* **Phillippe Courard**

*"Minimum Income is a base for seeking work."*

*"There is a correlation between national poverty rates and the efficiency of the Minimum Income schemes."* **Antonia Carparelli**

### **Decision-makers expressed some support to EAPN's demand for a Framework Directive on Adequate Minimum Income, in spite of the current political context**

*"Many of my colleagues in the SPC confronted with severe budget cuts, weren't very supportive [of moving forwards on an EU framework on Adequate Minimum Income]. But it remains my deep conviction that especially in times of crisis we must invest in Minimum Income, to avoid a consumption crisis. The role of automatic stabilisers has been proven. We won't give up.(...) I do believe that your enthusiasm and dedication will provide an essential building block to move forward".* **Magda de Meyer**

*"The Belgium Presidency is committed to do the maximum; Adequacy of Minimum Income schemes is going to be discussed at the Peer Review EU seminar coming up under the Belgian Presidency".* **Philippe Courard.**

*"I share with you the desire that these schemes give the best possible and most effective support – one that keeps pace with living costs and is based on fair access. I read EAPN's proposal for a Framework Directive on Minimum Income with great interest. It makes some valid points and I share the overall objective (...) Nevertheless, regarding latest developments, there is not enough support from across all of the European institutions to reach decisive progress. But this is a long journey and we are only at the beginning. ...We may have hit a road-block, but that will not stop us from pushing forward."*

*“The more difficult point is the practical side, the practical challenge of fiscal consolidation and the still existing uncertainty in the financial markets, which keeps countries under pressure”. **László Andor***

*“Let’s give mutual support. The next ETUC congress will take a position on your position. Conditions are gathered for us to support your demands. You can count on the ETUC” **Jozef Niemiec***

*“The Hungarian Government will commit to support the proposals made by the network of Independent Experts to develop common criteria for establishing the adequacy of Minimum Income schemes: work should be pursued in the Social Protection Committee.” **Imre Nyitrai***

**Decision-makers committed to make full use of the current EU tools to fight poverty, that are currently being reviewed**



The agreement [of an **EU quantitative target** for the fight against poverty] is a major breakthrough and should be followed by ambitious realistic national targets adapted to their own individual situation.

National Reform Programmes for the new strategy will seek to address poverty, social exclusion and the growing inequalities across Europe, including in-work poverty (...) and the existence of targets should foster greater commitment and accountability among national governments.

*“The OMC should be strengthened and play a critical role in the implementation of the Europe 2020 target”.*

*“Europe 2020 flagship 'Platform against poverty' will also be an important means to drive the implementation of the new social mainstreaming clause of the Treaty.*

*“Often the debate about poverty and joblessness is polarised – either there is too much emphasis on the need to encourage people to find work or at the opposite end, the need for adequate support for the jobless and socially excluded. **Active inclusion** brings both sides of the debate together to develop sustainable solutions.” **László Andor***

*“2020 is an integrated strategy; it contains a quantified poverty target that should provide a big boost to Minimum Income and Active Inclusion.”*

*“Guideline 10 is a big reflection of the work done on Active inclusion; it is in your language, and in addition it opens the possibility of country recommendations.(...) The Commission intends to use this new tool to the full”. **Antonia Carparelli***

*“EAPN’s recommendations will serve as a basis for the work on the Flagship Platform”. **Imre Nyitrai***

**The Commissioner spoke against counter-productive austerity policies**

*“Governments must manage the exit of the crisis extremely carefully. Some countries start reducing deficit more quickly than necessary, undermining the fragile recovery and the social sustainability. I speak against undermining social protection whenever I have the opportunity.” **László Andor***

## PART 3. HOW CAN WE MAKE PROGRESS?

### 6 key challenges and how they could be overcome

Participants agreed that making progress towards Adequate Minimum Income for all is a difficult journey that is only starting and on the way obstacles will have to be overcome. Participants in 6 thematic workshops discussed key issues and addressed messages, recommendations to decision-makers. All workshops demanded



concrete steps forward at EU and national level, and insisted on the participation of people concerned: *“We strongly believe that we cannot afford to ignore the knowledge of People Experiencing Poverty”* – they said.

### WORKSHOP 1. MAKING PROGRESS ON EU SOCIAL STANDARDS: AN EU DIRECTIVE ON MINIMUM INCOME

*“I feel remote from the European Union because I can’t see the benefits for me at local level”<sup>5</sup>*

Despite repetitive commitment in favor of Adequate Minimum Income, little progress has been achieved. Could the EU supplement “soft law” (Open Method of Coordination, mutual exchange...) by “hard law” (Directives or Regulations legally binding Member States)?

This discussion was introduced by:

- The presentation by Anne Van Lancker (former Member of the European Parliament, independent expert) of a working paper commissioned by EAPN on a Framework Directive on Minimum Income.
- An input from Magda de Meyer, Head of the Belgian anti-poverty service;
- A testimony from Loredana Guadagno, from Potenza (Italy) sharing the difficulties of a lone mother who can’t rely on a Minimum Income.

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<sup>5</sup> Quote from a participant experiencing poverty

The **main outcomes of the discussion** were the following:

- Participants shared detailed information re their national situation with regards to Minimum Income schemes; including striking examples of the inadequacy of these systems.
- The idea of a framework-directive was discussed and positively received. The document actually shows that such an EU instrument is not only needed, but also possible and feasible (there is a legal base).
- Despite the fact that Member States are not willing to move forward at EU level on Minimum Income, there is a positive momentum with the Belgian Presidency making Adequate Minimum Income a top priority, the agreement of an EU Poverty target...
- It is crucially important to work strategically and to make alliances (with Trade-Unions, with Members of the European Parliament....) as well as to lobby both at EU and National level in order to foster a change in mentalities.



**Key message and recommendations** addressed to decision-makers:

- There must be a commitment at the end of the European Year 2010 from the Heads of States and Governments in favour of Adequate Minimum Income for all.
- At the end of 2010 Member States should mandate the Social Protection Committee and the European Commission to develop a common methodology on the adequacy of Minimum Income (including common criteria, guidelines, participation of People Experiencing Poverty) as building blocks of the content of a Framework Directive on adequate Minimum Income.
- Member States and the Commission should **monitor progress towards an adequate Minimum Income** in the framework of the Social OMC/the Platform against poverty, involving all stakeholders at all levels (European, national, regional, local).

## WORKSHOP 2: USING PARTICIPATIVE BUDGET STANDARDS TO CALCULATE ADEQUATE MINIMUM INCOME

*“Most people on low income are good managers but most of the time they don’t have enough money”.*

The discussion was introduced by presentations:

- On the Belgian Standard Budget project by Berenice Storms (Coordinator) as well as by Frederic Vanhauwaert and Jozef Hayen, from BAPN;
- On the Vincent Partnership Budget Standard Project by Bernadette MacMahon, Director of the Vincent Partnership for Social Justice, & Rosemary Dooley, EAPN Ireland, participant in the project.

The **main outcomes of the discussion** were the following:

- The added value of the reference budgets standards method was highlighted. It can be developed through concrete participation and is very useful for awareness raising and lobbying. It proves that in most cases the amounts of Minimum Income allocated are far below what is necessary for a dignified life. It can be used for debt conciliation, and for poverty proofing, as recently agreed by the Flemish government in Belgium.
- However a number of traps were highlighted. It is a limited tool whereas there is a diversity of situations and specific needs: further research is needed. It is also important that it is not used to dictate to people how to behave and on what and how they should spend the little money they have. It should be a reference and not a norm.



**Key message and recommendations** addressed to decision-makers:

- Participative or Consensual reference budgets are a **new method of getting better understanding of the root causes of poverty** and needs of People Experiencing Poverty, as well as for helping to **establish an accepted level/standard for a dignified life, that could serve as a reference point for establishing adequate minimum income**. People experiencing poverty should be key participants in the process, which should also include other groups. It is vital that budgets establish acceptable levels for a dignified life for all, not reduced to a minimum for “poor people”.
- Reference budgets need to be **monitored** in order to avoid that they are used as punitive tools. Links to Minimum Income, access to services, and inclusive labour market policies need to be built. People Experiencing Poverty need to be supported to ensure that their **participation has a full impact**.
- Resources are needed to further develop and implement a **common methodology** concerning participative reference budgets.

### WORKSHOP 3. MINIMUM INCOME AS PART OF INTEGRATED ACTIVE INCLUSION APPROACHES

*“You can’t starve people out of poverty”<sup>6</sup>*

The discussion was introduced by:

- Heidi-Rusten Lohrmann, who outlined the Norwegian Qualification Programme, a recognised good practice of an active inclusion programme;
- Per K Larsen, EAPN Denmark, who highlighted the “good practice” of a Danish project working with the homeless (Overførstergården Homeless Project);
- Dag Westerheim, and Johanna Engen, EAPN Norway participants living on Minimum Income.

The **main outcomes of the discussion** were the following:

- Interdisciplinary work is needed to address complex situations; good examples should be analysed and promoted within the social OMC and the future European Platform.
- Adequate Minimum Income for all **should be the priority**. A **Directive** should force Member States to implement Minimum Income schemes. Any Minimum Income scheme must lift people out of poverty, within very balanced Active Inclusion approaches.
- **Participation of People Experiencing Poverty** should be at the core of the shaping and the implementation of Active Inclusion strategies.
- Active **Inclusion is not activation**; its aim is to include people and not to push people into work at any price. It needs time: *“don’t rush for immediate results”*. The labour market must be attractive and inclusive for people.
- Individual needs and particular situations must be recognised and an **individual follow up** undertaken based on a tailor made approach. Those who are the furthest from society should be given priority.



**Key message and recommendations** addressed to decision-makers:

- Active inclusion is not an expense! It’s an investment!
- In order for people to participate fully in the society and be effectively and sustainably included, either through labour market or meaningful activities, a holistic approach must be implemented.

<sup>6</sup> Quote from a participant experiencing poverty

- At national level, National Action Plans in the context of the social OMC should put in place interdisciplinary services and processes focusing on people; implementing participation and a “tailor-made” approach.
- An EU Framework Directive on adequate Minimum Income is a prerequisite for a successful Active Inclusion Strategy.

#### WORKSHOP 4. ENSURING ADEQUATE INCOME THROUGHOUT THE LIFE CYCLE

*“Human rights are irrespective of age”*

The discussion was introduced by:

- Jean-Pierre Bultez, Les petits frères des pauvres, EAPN/AGE France;
- Jana Hainsworth, Eurochild Chief Executive;
- Maryse Martin, participant living on a Minimum Income/ EAPN France.

The **main outcomes of the discussion** were the followings:

- The challenge faced by the elderly is very great. Their situation is deteriorating, confronted with rising costs of living, rising health expenses, and the reduction of resources with the ending of a professional life. Adequate Minimum Income for the elderly should be an essential part of social protection. Because of breaks in their careers or/and family responsibilities some older people live on completely insufficient income: AGE demands a Minimum Income for all ages, at least at the poverty threshold, as well as access to employment when possible.
- The lack of decent income put families under stress and prevents children’s social inclusion. Child poverty undermines the future of our society. Eurochild’s priorities for 2010 includes advocacy for universal benefits, adjusted to the age and number of children, additional support for special needs children. There should be no conditionality.
- Adequate income is mainly discussed in relation to the labour market: what does this mean for young people and the elderly? Resources should be linked to needs and be related to a basket of goods and services appropriate to the needs of people across the life-cycle.



- What is at stake is the respect for the value of solidarity in our society as well as our compliance to international commitments and to the human rights and the indivisibility of rights referred to in the EU treaty (Article 3).
- The Active Inclusion strategy only addresses one aspect of social inclusion. The new Platform against Poverty should include the continuation of the National Action Plans for social inclusion.

**Key message and recommendations** addressed to decision-makers:

- Living a dignified life is a fundamental right at all ages. Minimum Income is one tool for living in dignity but it is not the only one (universal and quality services, services of general interest included) and it should be embedded within a clear and coherent strategy to eradicate poverty.
- Minimum Income should be assessed in relation to the specific needs of the individuals regardless of age, throughout the life cycle.
- Active Inclusion Policies as intended by the EU are not enough for ensuring the social inclusion of people of all ages. We need a comprehensive strategy for social inclusion.

## WORKSHOP 5. MINIMUM INCOME AND MINIMUM WAGE: ESTABLISHING A POSITIVE HIERARCHY

*"Are you prepared to deal with the social unrest which is inherent to pushing people into hardship through increasing cuts and loss of rights?"*

The discussion was introduced by:

- Peter Kelly, Director of Poverty Alliance/EAPN UK/Scotland, who presented an analysis of the current situation, and gave examples of the Living Wage campaign in Scotland and the relationship with Minimum Income;
- Michel Debruyne, Advisor, ACW Research, Belgium who set out the Belgian experience developing minimum wage/ the link to Minimum Income and the way forward in the context of the crisis;



- Mr Štefan Ferenc, participant from Roma Community/Czech Republic spoke from his experience of living on low wage/Minimum Income.

The **main outcomes of the discussion** were the following:

- In-work poverty is an overwhelming concern. *“I got a chance to work part-time, but the income didn't cover my family expenses, so I had to accumulate different jobs – construction, window cleaning etc. A normal day for me starts at 4am and ends at 19pm. This, together, gives me between 296 and 518 euros monthly”* said Štefan Ferenc.
- Wages set well above social benefits and costs of flanking services are essential to positive activation. Participants emphasized the extra costs linked to moving from unemployment to employment. Expenses linked to transport, child care can be particularly heavy, notably for single parents. In addition, people moving into employment often lose additional in kind benefits. *“It is expensive to work”* insisted a participant.
- Participants firmly denounced harsh activation policies implemented in some countries, which do not take into account these realities, go together with cuts in benefits and look more like harassment than tailored-made approaches. *“In Wallonia -said a participant- depending on the research you consult, there is one available job for 25 or even 34 job seekers. This ‘make work pay’ policy is more ‘making workers poor’.*
- Policies that rely on benefit cuts as an incentive to press people into employment are based on the wrong assumption that people go for employment only for the money and lose any kind of motivation if they get social benefit. In reality people want to be useful and to participate in society. Adequate Minimum Income gives them the needed stability and decent living conditions for seeking a job.
- In the worrying current context, the need for strengthening alliances and work together between broad social movements, anti-poverty organisations and Trade-Unions was highlighted. Demonstrations are planned in the autumn in various countries that will denounce the austerity plans and call for decent wages and adequate income.



**Key message and recommendations** addressed to decision-makers:

- Employment is also about social participation, empowerment and pride.
- Having a job must not be more expensive than receiving benefits. Quality jobs must be created, guaranteeing fair compensation for loss of in-kind benefits, and the provision of flanking services should be developed.

- Civil society, trade unions, people experiencing poverty and all actors need to come together to form powerful alliances to make adequate Minimum Income and adequate Minimum Wage a reality!

## WORKSHOP 6. FINANCING AN ADEQUATE MINIMUM INCOME FOR ALL

*“We need to fight middle class fear and defend decent work”*

The demographic challenge is often presented as a reason why we will not be able to sustain the current relatively high levels of social protection in Europe. This workshop looked at policy alternatives to rethink how public finances are raised and spent and what would be needed to ensure a more sustainable and equitable distribution of resources in the future.

The discussion was introduced by:

- A presentation from Mr Philippe Pochet, Director of ETUI who stressed the fact that it is not only about generating new sources of income but also returning to levels of funding generated through tax systems that was available in the mid 1990's.
- The input of Mr Dirk Geldof, Antwerp Public Centre for Social Welfare, presented work that was done on the struggle for an adequate income for all in Belgium and how this could be financed.

The **main outcomes of the discussion** were the following:

- That at the moment we are working to a model where ‘the winner takes it all’ and we see the development of the mega rich. The rich have been well organised to arrange things in their favour and as a result the levels of tax take which contribute to redistribution have decreased significantly in the last 10 years.
- We need a genuine choice in our economic systems so for instance it is important that there are public banks alongside private institutions.
- We must not lose sight that distribution of wages is the primary distribution system so we need to fight the emergence of ‘working poor’.
- It was estimated that about 1.2 billion Euro would be the cost to raise all minimum welfare payments above the poverty line in Belgium.
- Alternatives for raising finances are available: Green new deal, financial transaction tax, stronger regulation of the private sector to capture the wealth that is available, addressing tax havens. Addressing these possibilities needs political will and inter government cooperation.



- We need to fight the greater acceptance of inequality that is part of our societies today.

**Key message and recommendations** addressed to decision-makers:

- Adequate Minimum Incomes are good for the society and the economy, necessary when you listen to the reality and affordable when you look at the evidence.
- Rebuild a more equitable tax base (personal and corporate) and expose the real costs of the flat tax model, the shrinking of progressive tax systems, and tax competition. (Take a look at the Icelandic response!)
- Many Governments have proposed cuts to social protection as a response to the crisis. But the priority should be given to exploring the alternatives that are available: Green New Deal, Wealth Tax, Financial Transaction Tax, tax the tax havens, address tax loop holes, build competition in the banking sector (Public Banks), rebuild the share of wages in GDP, Corporate Responsibility...

## PART 4. CONCLUSIONS OF THE CONFERENCE

### INTRODUCTION: A SENSE OF EMERGENCY

#### EAPN makes a disturbing assessment of the current situation across the EU

The current situation is shocking and unacceptable: we live in one of the wealthiest parts of the world, and yet many people still have to choose between paying for food, school and heating. The **appalling reality faced by people in poverty** is unacceptable: "impossible choices", "children excluded from social activities", "discrimination", "humiliation", "inhuman housing leading to children's disease and early death", "starvation" ... are part of their daily life. Their reality is an issue for the whole society. In the context of the crisis the situation of the most vulnerable has been deteriorating. Some groups (Roma, ethnic minorities, migrants...) face intolerable discrimination, notably in relation to their access to Minimum Income and basic services.



Poverty is a denial of human rights and human dignity; the **complete eradication of poverty** must be the duty of all decision-makers. The fulfilling of the agreed EU objective of reducing the number of people in poverty by at least 20 million should mean the improvement of the situation of **all** People Experiencing Poverty, rather than prioritizing only those who are most easily helped. Member States have agreed to guarantee sufficient income to enable a dignified life (in the 1992

Recommendation and in the 2008 Active Inclusion Recommendation), but this is not being implemented. The guarantee of an adequate minimum income must be recognised as a **key instrument to deliver on the poverty target** and towards the goal of the eradication of poverty.

**Existing Minimum Income schemes are largely insufficient for a decent life;** they fall far from preventing people from dropping below the poverty line. In some countries there are no national Minimum Income schemes (Greece, Italy, Hungary and Norway), and in some other countries one can rely only on a **"mock" Minimum Income scheme**. Progress on the issue **depends only on political will**, which is dramatically lacking. On the contrary, in a context of deep crisis leading to dramatic spread of unemployment and poverty, austerity policies lead to cuts in key services and benefits. People concerned share strong feelings of anxiety about the future, unrest and lack of confidence in the EU governments.

On the basis of the discussions held during the conference EAPN draws the following conclusions.

#### POLICY MAKERS MUST MAKE DECISIONS IN LINE WITH THE REALITY RATHER THAN MYTHS

The conference highlighted the negative representations and the wrong assumptions that underpin policy making in relation to Minimum Income schemes. Participants called for a radical change of perspective.

1. Raising Minimum Income schemes to an adequate level is seen as too expensive for public expenditure, and dramatic cuts are currently made on Minimum Income schemes as part of public finances stabilization plans. In reality, **social benefits and public services are “automatic stabilizers” that contribute to stabilize the economy and provide a base for consumption; they should be seen as social and economic investments.** Other means exist, including **alternative taxation policies and expenditure plans** that could finance Adequate Minimum Schemes which are good for the economy and affordable when you look at the evidence. The real costs of the flat tax model, the shrinking of progressive tax systems and tax competition should be explored.



2. Despite the commitments of Europe 2020, the **main priority is still given to growth**, but growth alone has never delivered more and better jobs, reduced poverty and inequality or automatically promoted social cohesion. Together with social protection systems it should be considered as **a means to achieve social cohesion** and a fairer more socially just and sustainable society.
3. It is said that adequate Minimum Income would prevent people from working. Consequently cuts in Minimum Income benefits are used to “motivate” people into work. The reality is that **most people want to contribute** and to feel useful. It is urgent to support the creation of quality jobs, and pathway approaches into work, through **active inclusion approaches**, without hardening sanctions and conditionality. The people who are not in a position to work, notably because of their position in the life cycle, should be guaranteed an adequate standard of living and access to quality services.
4. So called ‘Minimum Income’ amounts served in most countries are far from allowing people to live a dignified life: this reality is documented by the Independent Experts report and EU SILC data, with almost no countries paying above the poverty threshold.
5. It is said that limiting public budget deficits will preserve the conditions of future growth; on the contrary on-going cuts in benefits, pensions and basic services undermine the living conditions of the 16% of people living below the poverty threshold including the 20% of the children whom are living in poverty in the EU today, with long lasting negative consequences on their health, education and integration in the labour market.
6. Down-ward pressure is being brought on wages, as a means for our economies to remain competitive in a globalized economy. Low wages drive down Minimum Income levels – with the aim of forcing people into work, when there are few jobs to go to – increasing hardship through

conditionality and sanctions. On the contrary what is needed for socially sustainable growth is a positive hierarchy between adequate Minimum Income and Decent Wages.

7. Current austerity policies aggravate the inequality of wealth distribution. They increase the precarity of the most vulnerable groups, including youth, elderly, lone parents, people facing discrimination... who rely the most on social support and basic services. However the **unfair sharing of wealth is one of the causes of the economic crisis** and more equal societies seem to have handled the crisis better. What is needed is social investment and support, and prevention of poverty - throughout the lifecycle for all people.
8. Ensuring a competitive and free market cannot be the only priority of the European Union. Social Europe is at the heart of current European Commitments, the safeguarding of the European Social Model is expected by people and the Lisbon Treaty reinforces the social objectives of the EU. Indeed Article 3 of the revised Treaty of the European Union<sup>7</sup> as well as Article 9 of the revised Treaty of the Functioning of the European Union<sup>8</sup> will now be monitored closely.

### NEXT STEPS

9. EAPN, together with allies within the coalition of NGOs for the 2010 Year against Poverty and Social Exclusion, the Social Platform and the Spring Alliance, has launched a **call for a Framework Directive on Minimum Income, to oblige Member States to implement Adequate Minimum Income schemes before 2020**. Such a Directive is not only needed but also possible and feasible:



EAPN demonstrates that there is a legal base for such an EU tool and gives indications about the incremental process along which such a Directive could be prepared, through the Social Protection Committee, the Social Open Method of Coordination and the Flagship Platform in Europe 2020. All stakeholders are invited to join forces and support EAPN's campaign for an Adequate Minimum Income for All ([www.adequateincome.eu](http://www.adequateincome.eu)).

10. European Social Ministers must ensure **implementation of the horizontal social clause (quoted above) as well as defend and strengthen social protection and Minimum Income schemes**. Cuts in social benefits and public services in the framework of austerity plans must stop immediately. Member States must use alternative taxation policies in order to ensure a fairer

<sup>7</sup> (...) The EU shall combat social exclusion and discrimination (...)

<sup>8</sup> "In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of (...) the fight against social exclusion (...)

sharing of the cost of the crisis. The priority should be given to exploring the alternatives that are available: Green New Deal, Wealth Tax, Financial Transaction Tax, taxing the tax havens, addressing tax loop holes, building competition in the banking sector (Public Banks), rebuilding the share of wages in GDP, Corporate Responsibility...

11. **The Belgian Presidency has shown a visible commitment** to Minimum Income as one of their key priorities. They have taken a much-needed leaders' role in attempting to convince Member States of the need to develop a common EU framework on Minimum Income as a key pillar of the Active Inclusion Strategy. The Belgian Presidency announced the approval of a Peer Review on reference budgets, and commitment to press for concrete follow up of the Round Table. Imre Nyitrai, **Hungarian Deputy State Secretary for Social Affairs, declared that the Hungarian Government would commit to support the development of common European criteria for establishing the adequacy of Minimum Income schemes.** Such work should be actively supported by the Social Protection Committee and the European Commission.

12. The Social Protection Committee should establish a working group and road map to build on the recommendations of the Independent Experts Report (2009) to make steps towards an EU methodology on adequate Minimum Income, comprising a common definition of Minimum



Income, common criteria for adequacy, common guidelines concerning notably the coverage, accessibility and take up. Adequacy criteria should build both on the **budgets standard methodology** and the **poverty threshold (60% of the national median income)**. This should include carrying out a detailed assessment of progress on the adequacy and coverage of adequate Minimum Income schemes in 2011 as well as deepening mutual learning on common methodologies, building on the outcomes of the Peer review on Reference Budget standards to be held on the 26 November 2010. Indeed, commitment must be given to follow-up on the learning from the Peer Review to agree common criteria for a methodology concerning participative reference budgets, which includes all groups and develops a budget standard acceptable to all, whilst ensuring that People Experiencing Poverty are at the core of the process, that their participation is supported and that budgets are not used against them.

13. Member States should engage in a debate with all stakeholders, including People Experiencing Poverty and the NGOs that support them as part of the National Action Plan on social inclusion in the Social OMC linked to the Flagship Platform against Poverty, in order to review the effectiveness of their current Minimum Income schemes. As a first step towards adequate Minimum Income, Minimum Income schemes should **at least lift everyone, whatever his/her situation with regards to the labour market, above the poverty line.**

14. Progress at national/regional/local level towards Adequate Minimum Income, as a prerequisite for a successful active inclusion strategy, should be at the core of a **regular and detailed national reporting system** within the Open Method of Coordination on Social Inclusion and Social Protection, based on regular stakeholder engagement and structured dialogue in the National Action Plan and Strategic Report process.

15. **Active Inclusion should explicitly be considered as an investment** and implemented at national level through a holistic approach, with interdisciplinary services and tailor-made support focusing first on people and facilitating their participation. Groups who are facing the most discrimination, including Roma, ethnic minorities and migrants should be specifically supported.



16. **Full use should be made of the opportunities of the EU 2020 strategy.** The implementation of the Active inclusion strategy, guaranteeing an adequate Minimum Income must be recognised as necessary steps to support delivery on the agreed poverty target at national and EU level. The European Commission committed itself to make full use of the potentialities of Guideline 10<sup>9</sup> in the National Reforms Programmes process and to **use notably the possibility of country recommendations**. However, progress on the National Reform Programmes will depend on the continuation of strong **National Action Plans for Social Inclusion and National Strategic Reports in a reinforced OMC** ensuring a direct dialogue with People Experiencing Poverty and the NGOs that support them, at EU, national, regional and local levels.

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<sup>9</sup> Guideline 10: Promoting social inclusion and combating poverty – Europe 2020 Employment Guidelines approved 21.10.10.







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