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Analysis of Minimum Income Schemes in 5 Selected EU Member States

SYNTHESIS REPORT

November 2013

What is the EMIN Project?

Bringing together various experts, professionals, academics and diverse entities active in the fight against poverty and social exclusion, the EUROPEAN MINIMUM INCOME NETWORK (EMIN) aims at building consensus towards the progressive realisation of adequate and accessible minimum income schemes in EU Member States.

The EMIN is a two-year project (2013-2014) funded by the European Commission, in line with the European Commission's Active Inclusion Recommendation of 2008, the Europe 2020 Strategy and in the context of the European Platform against Poverty and Social Exclusion and the Social Investment Package.

You can also **follow the work** of the EMIN **by clicking on 'follow'** once you are on the EMIN blog <http://emin-eu.net>

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The opinions expressed do not represent the European Commission's official position.

Objectives of this report

The EMIN coordinator in the 5 countries (Belgium, Denmark, Hungary, Ireland and Italy), chosen for an in-depth analysis of their national situations, have produced a national report on the current state of play on minimum income schemes in terms of adequacy, coverage and take-up in their country. The reports build on the national expertise of EAPN teams and the EMIN partners, with other sources, in particular on the 2009 reports of the national independent experts on social inclusion and their 2013 reports on active inclusion and on recent MISSOC data. The national teams also added value to these data through a bottom-up approach through national consultations.

The reports also identified good and unsatisfactory practices related to adequacy, coverage and take-up of minimum income schemes. Consensus is being sought with relevant actors in order to identify initial practical steps towards progressive realisation of adequate and accessible minimum income schemes in Member States. This process is still continuing. The identification of relevant steps to be taken will be a key outcome of the dialogue that is taking place with relevant stakeholders. Based on the experience of developing these reports in the 5 identified countries, reports will be produced in 26 remaining countries (all EU Member States plus Serbia, Iceland, FYROM and Norway). This synthesis report presents some common findings from the 5 pilot countries, but also highlights the differences in the state-of play.

This report will also be used to identify common trends and prepare the ground for the European follow up in terms of proposals on common EU definitions, criteria and possible next steps for further cooperation on the theme at EU level.

Project definition

For the purpose of the reports, minimum income schemes are essentially defined as income support schemes which provide a safety net for those who cannot work or access a decent job and are not eligible for social security payments or those whose entitlements to these have expired. They are last resort schemes which are intended to ensure a minimum standard of living for individuals and their dependents when they have no other means of financial support. In case several minimum income schemes for different groups coexist in a country, priority shall be given to minimum income schemes for the population at working age.

Methodology

The methodology to prepare the reports involved two approaches:

1. Desk research and use of secondary sources, especially for sections 1 to 3, and
2. Interviews and group discussions with relevant partners, especially for sections 4 and 5.

In a first phase the national EMIN network partners were consulted. In a next phase consulted stakeholders may also include the relevant public authorities, service providers, social partners, NGOs, policy makers at different levels, and include the involvement of people living on minimum income or who benefit from minimum income support.

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1. PANORAMA AND RECENT TRENDS

The national reports from the 5 pilot countries used the 2009 report on minimum income of the national independent expert on social inclusion, the 2013 report of the expert on active inclusion and the MISSOC data, to provide a short summary on the general description of the MIS, eligibility conditions, link with other social benefits, variations in amounts, time duration and conditionality, together with some information about recent trends, including the impact of the economic and financial crisis on minimum income schemes and the evolution of the number of beneficiaries. The teams also collected national EAPN partners' assessments of the current working of the system, its strengths and weaknesses, particularly from the point of view of people experiencing poverty.

1.1 General overview

The reports from the pilot countries show that all countries, with the exception of Italy, have some sort of MIS established at national level, in line with the definition used for the EMIN project. That does not mean that they are neither adequate, covering essential needs to live a life in dignity, nor that they cover all persons in need. The MIS are very different in the countries researched. Two of them, the **Belgian** and the **Danish** MIS, fall into the category of relatively simple and comprehensive schemes, open to all people who are legally residing in the country, with insufficient means to support themselves. The **Hungarian** MIS falls into the category of relatively simple and non-categorical MIS, but with very restricted eligibility and low coverage of people in need, due to high conditionality and discretionary decisions on granting the assistance.

Ireland has a complex network of different (targeted) and sometimes restricted categorical schemes, targeted at lone parents, disabled people, unemployed people, farmers and fishermen/women, carers, as well as a general scheme of last resort, the supplementary welfare allowance. Finally, **Italy** has no nation-wide MIS but only a few regional MIS, often restricted to narrow categories of people. Most people in need of income support cannot rely upon a MIS.

The Danish, Belgian and Irish MIS contribute significantly to reducing the intensity of poverty. But only the Danish MIS, with the exception of social assistance for young people who now receive 50% of cash benefits for adults, appears to perform relatively well in terms of impact of social transfers on the at-risk-of-poverty rate. Until 2009 the Irish MIS came close to the poverty threshold for single-person households and lone parents, but the poverty-reduction effect has eroded with the recent reforms.

1.2 Eligibility conditions and conditionality

Most pilot countries with a MIS have eligibility conditions related to residence, age, lack of financial resources and willingness to work. Even when available, jobs at the low-skilled segment of the labour market have become scarcer due to the crisis, while there is a clear tendency to tighten the conditions with relation to readiness for work, active search for jobs or participation in specific labour market programmes, like the public works in Hungary. In Denmark, cash benefits for young people under 30 years have been considerably reduced to stimulate them to get an education. In case they don't succeed in finding a job, they can be assigned a utility job. In

Hungary, local authorities may impose additional conditions, not related to job search, but to other behavioural aspects such as tidiness of houses. Former universal family allowances can be withdrawn in case of truancy of children. In Ireland, while there have been no reductions in the basic social welfare payment rates, changes to eligibility conditions and entitlement criteria have resulted in less people being eligible for certain MIS. Asylum seekers, refugees and undocumented migrants are not eligible in pilot countries MIS. Homeless people often have great difficulties for accessing MIS, not because they are not eligible in theory but because of practical difficulties with regards to their residence or their capacity to claim their right to MI.

1.3 Level of payment, uprating and variations in amounts

The Belgian and the Irish MIS, have no clearly defined mechanism for the establishment of the level of payment of MI. They are set on an arbitrary basis. The Danish MIS uses standard rates according to the Act on Active social Policy. The Hungarian MI is defined as a percentage of minimum pension. Uprating of benefits is done on a regular basis in Belgium and Denmark. The Irish report notes that the benefits serving the poor have not been uprated and that many of them have even been arbitrarily lowered. Pilot countries that have a MIS, the MIS' benefits vary with the number of people in the household who have to live on the benefit. The Belgian MIS has 3 categories: single persons, heads of families and cohabitants. Denmark has different levels of support offered to persons with children, people without children and young people (but also a more individualised definition of attribution, which is characteristic of the Scandinavian approach of welfare). The latter has been considerably reduced, as said above. Ireland has supplements to the social assistance schemes for adult and children dependents. On the other hand, in all pilot countries with a MIS, means testing is done, taking into account the income or assets of a partner in the household. Except for the regional MIS in Italy, MIS in pilot countries have no time limits, although MIS payments can be periodically reassessed.

1.4 Link with other social benefits

In all countries the MIS is granted under condition of exhausting the rights to other social protection benefits. In many pilot countries people receiving benefits from MIS can also access other benefits for their needs with regards to housing, costs to raise children, health care, energy costs... However in some countries, these additional benefits have been reduced as a consequence of the crisis. For example, in Ireland the Christmas Bonus was cancelled for most social welfare payments, the Rent Supplement Scheme has been restricted; the Cost of Education Allowance, the Back to School Clothing and Footwear Allowance were cut, the eligibility criteria for the One Parent Family Payment have been considerably tightened. The discretionary granting of these supplements is seen as problematic.

1.5 Governance

In all countries except Italy, the rules governing MIS, on eligibility, amount, conditions etc., are established at national level. However in Hungary some conditionality has been devolved to local authorities. MIS are financed through taxation in all 4 countries; in Ireland, MIS are financed at state level, in Belgium and Denmark at the level of municipalities, but partially reimbursed by the state, in Hungary by both the state and municipalities. In Italy, only some regions have a sort of

MIS. The delivery of social assistance is in most cases done at the level of local authorities, by municipalities or public centres for social welfare.

1.6 Impact of the crisis

All reports refer to a growing negative impact of the crisis on MIS. Poverty has increased in all pilot countries. In all countries, the numbers of people on MI has also increased. Many reports refer to growing inequalities in their country. The Hungarian report states that Hungary has seen a decreasing level of MI benefits and a tightening up of conditions. The Irish report notes that from 2008 onwards, the number of people living at-risk-of-poverty has risen slowly but consistently. Ireland has seen a dramatic increase in the deprivation figures, which have doubled between 2009 and 2011. Groups impacted disproportionately by poverty in Ireland are those with no jobs, people living in social housing, lone parents, children and large families. The report says that the combination of raising unemployment due to the crisis, and spending cuts on benefits and services have hit low income individuals and households hardest. The Danish reports predicts that, on top of the sharp increase due to the crisis, there will be a growing number of people on MI, due to recent reforms to social security schemes, which make access to social benefits more restrictive. There is a tension between a growing numbers of beneficiaries while the levels of benefits are reduced.

2. ASSESSMENT OF MINIMUM INCOME SCHEMES

In the national reports, pilot teams have assessed the MIS in their countries with regards to coverage, take-up and adequacy of MIS, on basis of the reports by the independent experts, on MIS in 2009 and on active inclusion in 2013. Where possible, they complemented this information with comments for the National Minimum Income network partners.

2.1 Coverage and take-up

Although theoretically coverage of MIS in pilot countries, except Italy, is general from a rights perspective, effective take-up is very uneven. Denmark and Belgium are countries that have a fairly comprehensive system that covers most people in need. The right to a MI is quasi universal in those countries. The Irish report is of the opinion that the population of people in need is largely covered and has access to some sort of MIS, depending on their particular circumstances. But problems related to administrative barriers, complexity of the system, a lack of client focus, different approaches in dealing with applications, create barriers to access. The reports highlight the difficulty of establishing the extent of non-take-up, which is not well known and documented, while it is seen as a major problem in all pilot countries. Given the complexity of MIS, such as in Ireland, and the discretionary way of granting it, such as in Hungary, the risk of non-take-up is seen as particularly high. The Belgian report refers to a 2011 study, that estimates between 57 to 76% the share of people in need that are not eligible for MI or do not take up their right. But no research has been done on the reasons for this. The Belgian report points to non-take-up due to stigma and shame, but also to the fact that eligibility conditions exclude many people in need, who are not covered because they do not comply with the legal conditions on residence status or availability for work, or lost their right due to sanctions. In Denmark, the discriminatory residence criterion for legally residing migrants has been abolished. But the introduction of a

special scheme of 'educational help' for young people with low levels of education, at 50% of cash benefits for adults, is seen as a step backwards from the previous universal coverage of the Danish MIS. The Hungarian report points at an increasing number of jobless people who do not receive any payment from a MIS, mainly because of the increasing number of sanctions in the system. The Belgian, Danish and Irish reports all point to the problem that asylum seekers, refugees and undocumented migrants are not covered in their MIS, although they constitute a large at-risk-of-poverty group. In Ireland, the 'habitual residency clause which restricts social welfare and other benefits, also applies to documented migrants, including returned emigrants.

2.2 Adequacy of MIS

In their synthesis report on Minimum Income Schemes across EU Member States, the EU Network of National Independent Experts on Social Inclusion writes that "assessing the adequacy and effectiveness of minimum income schemes is a complex area. The issue of what constitutes adequacy is often disputed and the effectiveness of MISs can be judged in several ways". This is what also appears in the reports from the pilot countries. In most pilot countries, there is no clear definition of what an adequate minimum income is, that allows people to live a life in dignity. In Denmark, a public debate is now ongoing to set a Danish poverty line. The suggestion of a group of experts who worked on the issue for the Danish government, is to use the 50% median income threshold, a measure that is considered as arbitrary by anti-poverty organizations. In Belgium, reference budgets have been developed to determine the value of a basket of goods and services, which are necessary to live a life in dignity for 16 different types of households. The reference budgets are established through focus group discussion with people living in poverty as well as through experts' views, but the baskets are not generally being used as measure to determine the level of MI. Some Public Centres for Social Welfare use them, however, to grant additional social assistance, on top of the MI. In Ireland also, a reference budget was developed for various household types to have a minimum essential standard of living, by the Vincentian Partnership for Social Justice, with support of the government. The Minimum Essential Standard of living budget are developed for various household types and will soon cover 90% of households in Ireland. MESL reference budgets calculate what various households need to spend in order to have a minimum essential standard of living which meets their needs. The approach is strongly peer reviewed and based on a robust academic methodology. MESL expenditure data are adjusted annually for inflation. However, it is not used in calculating official poverty figures and is considered by some as too generous. Hungary developed a subsistence minimum, calculated by the Central Statistical Office. It is a sum that assures the satisfaction of the needs of households on a modest level that may be considered adequate on the given development of the country. This subsistence minimum is however not generally accepted as a good reference, since it is considered as being too high (above the 60% median AROP threshold).

In the absence of a clear definition of what constitutes an adequate income, the effectiveness to lift people out of poverty of MIS in pilot countries can be assessed against the 60% median income threshold. From the reports, it appears that none of the existing MIS is capable of lifting all people above the at-risk-of-poverty line. The Danish MIS scores well in terms of impact of MIS on the at-risk-of-poverty rate, with levels of most benefits above the at-risk-of-poverty rate, but the recent introduction of the new scheme for young people is putting pressure on the

effectiveness of the Danish MIS for young people. The Danish report calculates that the educational help scheme gives cash benefits that are below the 60% as well as the 50% threshold for all categories of young people, except for parents on activation and for lone parents, ready to take up jobs, who are above the 50% but below the 60% threshold. In Belgium all scales of the MI remain below the at-risk-of-poverty line.

The Belgian report states that MI is insufficient to lift people above the 60% poverty-threshold and can only be seen as an instrument to alleviate poverty. The Irish report claims that social welfare rates leave large sections of the population below all of the officially accepted poverty lines. It shows that this is the case in relation to the Minimum Essential Standard of Living, developed by the Vincentian Partnership. The Hungarian report compares the regular assistance level for different types of households with the Central Statistical Office's subsistence minimum, defined as the means necessary to ensure the satisfaction of the needs of household on a very modest level that can be considered as adequate, given the development level of the country, and with the 60% median equivalised income. This comparison shows that all social benefits, including the MI for different household types, are way below the subsistence minimum. The report is very negative about the adequacy of the Hungarian MI and its impact on poverty reduction. Calculations in the report show that MI benefits that may be obtained for different types of households, represent between 22 and 32% of the CSO subsistence minimum.

All reports confirm the statement of the independent experts that minimum income levels have not kept up with increases in wages, thus causing a deterioration of the adequacy of MI in relation to the standard of living of the population as a whole. Moreover, many MIS in pilot countries lack good uprating mechanisms to avoid a decrease in purchasing power of poor people.

3. THE LINK BETWEEN MINIMUM INCOME AND THE OTHER TWO PILLARS OF ACTIVE INCLUSION

In this chapter, we assess how the national teams in pilot countries looked at whether there were any relevant changes with regards to the linkages with inclusive labour markets and access to quality services, as part of an active inclusion strategy policy, on the basis of the above mentioned reports of the national independent experts on social inclusion.

They have added information that they felt was missing in the available reports, especially from the perspective of people experiencing poverty.

3.1 Link with inclusive labour markets:

Of all pilot countries, Denmark is best known as the country that is most dedicated to active inclusion strategies. The **Danish report**, however, states that recent developments have weakened the chances for rehabilitation and transition to the labour market for those most in need. Since 2009, the Danish social protection system, including the social assistance schemes, has gone through a series of reforms in the framework of the Danish National reform Plan EU 2020. The reform combines a plan to finance growth and jobs with reduction in expenditure on

social security benefits and social assistance for young people. The aim is to encourage companies to invest more and create jobs by cutting taxes, while motivating people to take up jobs by reducing benefits. With regards to the MIS, the reform particularly focusses on young people with low skills. As explained above, their cash benefits are reduced to 50% of the amount for adults, to motivate them to get back to education to improve their chances on the labour market. Young people who can work, are required to actively search for a job and are supposed to work in utility jobs, created by private and public enterprises. They are activated by job centres. People with complex problems who cannot meet the requirements of the job centres may be offered more comprehensive support and get the assistance of a case manager. The Danish report states that in reality, case managers have not seen their competence for helping those people improved and deplors the lack of financial means for this purpose. It considers the reforms as a thought-provoking example of how vulnerable people risk to be excluded. On the other hand the report notes that social enterprises are started to qualify and hire unemployed people and that private companies increasingly recruit and train unemployed people as part of their business model. Recently the Danish Prime Minister has announced some important changes: better access to vocational training and a reform of the job centres.

The **Belgian report** finds that governments do not apply the active inclusion strategy in an integrated way, focusing primarily on activation. It describes the broad range of activation measures that are at the disposal of Public Centres for Social Welfare, to accompany MI recipients towards employment. These measures are used more frequently in recent years, but the report notes that these measures are used primarily to ensure transition from MIS to unemployment benefits and do not ensure sustainable integration into the labour market.

Ireland, on the contrary, is seen as a country that does not have an explicitly stated attachment to the concept of an active welfare state. Ireland's approach to active inclusion for people distant from the labour market has concentrated on administrative reform, with labour market programmes being transferred into the Department of Social Protection, to improve the administration of job activation and social welfare programmes.

The **Hungarian report** points to the strong and increasing focus on enrolment in public works, which it qualified as workfare approach. They refer to statistical data and research that proves these public work schemes as hindering MI beneficiaries' return to the regular labour market. Possible improvements may be expected by the fact that recently more public work projects are linked to training or to production of market value in the projects.

3.2 Link with access to quality services:

Belgium, Denmark and Ireland are generally seen as countries where relatively good linkages exist between MISs and access to quality services. But the reports from these pilot countries put some question marks to this.

The **Danish report** points to the fact that in recent years there has been a growing number of initiatives by NGOs, aimed to include and help vulnerable people, by offering specialized advice and services, and by supporting communities. However, the Danish report sees the universal character of the Danish welfare system changing, through the reforms since 2001, that

introduced additional conditions, award criteria and criteria to access services for specific groups. It points to the fact that, in order to preserve the values of universality, equality and solidarity, the service system needs to go through basic reform.

The **Irish report** refers to a recent process of integration, bringing together welfare, training, education and employment services. EAPN Ireland favours this reform but has concerns about the implementation in practice. The report finds that it is too early to assess the effectiveness of this integration but cites an EU Troika mission report, which criticises the shortcomings of the services.

The **Belgian report** describes the wide range of services that Public Centres for Social welfare have at their disposal to offer to MI recipients. It also refers to the duty of the centres to refer their clients to the social services delivered by other public and private organisations. But it also points to problems for poor people to have access to affordable housing and to problems in access to energy for deprived households.

The **Hungarian report** says that services offered to poor people have always been defective and that funding for services in many cases have not been indexed or even were cut. Examples cited are the budgets for childcare and social work offices.

4. OBSTACLES TO THE IMPLEMENTATION OF ADEQUATE MINIMUM INCOME SCHEMES

Part 4 and 5 are the most important part of the national reports. Purpose of these reports is in fact to assess how far the current systems are effective and adequate and to identify what are the obstacles that hinder the implementation of adequate minimum income schemes that allow people to live a life in decency, with universal coverage and full take-up for all people in need. Identification of obstacles is essential to make suggestions on the way to improve coverage, take-up and adequacy of minimum income schemes.

The obstacles that are highlighted in the national reports were identified merely through consultation with the members of the national networks on minimum income. In a second phase they will be discussed in a dialogue with multiple stakeholders: with people experiencing poverty, NGOs working with people living in poverty, other social NGOs, but also public institutions (ministries, local authorities, mutualities...), social partners, political party representatives, members of parliament, representatives of local councils...

4.1 Adequacy of MIS

In all countries the **absence of an agreed definition** of what represents an adequate minimum income is identified as a major problem. The **Danish report** points to the fact that there is a difference of opinion on what is adequate MI in the Danish public debate. Trade Unions defend the position that adequate MI should be at the level of the maximum unemployment benefit, i.e. 90% of the minimum wage. They consider this as the minimum level of income to live in dignity. Employers are in favor of temporary cash benefits for those in need, that should ideally not last

longer than 3 months, but they insist that there should be a difference between cash benefits and wages, that is big enough to motivate recipients of MI to take up jobs. Social NGOs are of the opinion that the general cash benefits, before the reforms, are sufficient to maintain an acceptable standard of living for a short period, but point to the risk of poverty and social exclusion when people stay longer on cash benefits. Social NGOs are highly dissatisfied with the low benefits for the 25 to 29 years old, introduced by the recent reforms. The low level of these benefits will lead to more poverty among young people under 30 years of age. Lowering benefits can not be seen as an incentive to work, in their opinion. Social NGOs point at two groups with particular problems to make ends meet: single mothers and young people in education who live on their own. An Expert Committee on Poverty, established by the Danish government, came up with proposals for a Danish poverty line. The proposal contains two criteria: an income limit fixed at 50% of the median income, and a duration criterium of three consecutive years below the 50% of median income. Social NGOs consider these criteria as arbitrary and contrary to the at-risk-of-poverty threshold of 60% of median income, set by the EU. According to Trade unions and Social NGOs, adequacy of MIS should also be ensured through mechanisms of indexation (as is the case for wages) and adjustment to price increases. Employers are of the opinion that adjustment to prices is sufficient.

The **Belgian report** points to the fact that, although the Belgian government has committed to raise MI above the 60% AROP threshold, there still is no binding mechanism to implement this commitment. Even if MI benefits have been raised in recent years, they have not been updated to the evolution of the cost of living, since the price index, used to update the living wage does not contain all products. Local Public Centers for Social Welfare can grant additional social assistance on top of the living wage, but the possibility to obtain additional social assistance is considered as highly discretionary, depending upon the judgement of local authorities and their financial situation. Moreover, the Belgian report points to the fact that many people are not informed about this possibility.

The **Irish report** points to the fact that MIS are still below the 60% AROP threshold and way below the Minimum Essential Standard of Living, established by the Vincentian Partnership for Social Justice (VPSJ). Although the Department of Social Protection funds and supports the work of the VPSJ, the reference budgets developed by them have not yet impacted significantly on the Irish public debate on social welfare rates, being often dismissed as too generous. Interestingly, the recent launched Irish Insolvency Service guidelines for personal debt, borrowed heavily from the VPSJ methodology and figures to arrive at adequate incomes for those approaching bankruptcy. Particular emphasis is given in the report to the problems of young people aged 18 to 25 years who leave dysfunctional families to live on their own and of young people who have seen their jobseekers allowance reduced, unless they were in education or had dependent children.

The **Italian report** points to the fact that in Italy, no such thing as an adequate MIS exists nationwide, due to the presence of a national welfare system that is fragmentary and inconsistent and that doesn't meet the needs of the citizens. There are attempts to mitigate the absence of a well functioning welfare system, by putting in place income support measures for certain categories of citizens, such as elderly people over 65 years old without contributory social pension, people

with low ages, support to people with disabilities and allowances for household. But those measures are marked by a lack of distributive capacity and they do not cover large segments of the population such as unemployed people or children. Another major problem is the dispute on who has the competence over social policies, the regions or the national state. The scattered picture of regional MIS indicates that, even where they exist at regional level, MIS, can not be considered as adequate. The reports also indicates that the social minimum standard (livelli essenziali di prestazione sociale), a standard to measure the level of essential social performance that was introduced by the Law

328 in 2000 and covers in addition to the minimum income a range of social services to people that are considered as essential, has never been clearly defined nor implemented.

The **Hungarian report** concludes that Hungary does not have an adequate minimum income but only an inadequate and incomplete one, since the existing MIS does not ensure basic needs at minimum standards and because the discretionary element, with local authorities imposing additional conditions on recipients, which further limits the availability of such assistance. According to the report, the new fundamental law in Hungary, introduced in 2012 to replace the provisions of the Constitution, constitutes an important step backwards for the legal enforcement of social rights. Since actual policies are more focused on workfare initiatives through public work schemes, alleviation of poverty through an adequate minimum income is not seen as a priority. The fact that the government does not accept input from experts or advocacy groups is seen as an additional obstacle to make progress on adequate minimum income. Local authorities who evaluate the benefit claims are too small to have the necessary expertise to ensure a fair administration. No monitoring system is in place to ensure equal access the social assistance in the country.

4.2 Coverage and take-up

The **Irish report** points at two dominant themes that clearly emerged from the consultation: the level of contingency and the number and complexity of MIS, and the degree of discretion associated with the implementation of the main scheme of social assistance, the supplementary welfare allowance (SWA). Both issues are felt as barriers to access and reasons for non-take-up. The complexity of the various schemes and the different means testing systems to implement them was criticised as a serious barrier to access and non user-friendly. The merger of the service which administers SWA into the Department of Social Protection has decreased the number of processes applicants have to go through to access a MIS. But the discretionary nature of granting SWA is seen as negatively interfering with transparency and fairness, resulting in lower take-up, as people think they are not eligible. It is commonly held that the SWA theoretically should cover those who need to access it, with the exception of two very vulnerable groups: asylum seekers and people who do not fulfil the Habitual Residency Clause, which means that many migrant workers, particularly from outside the EEA, and Irish people returning from living abroad, do not qualify for most benefits. The report also points at the high number of refusals of applications for schemes such as illness related social assistance payments.

The **Danish report** signals that coverage of the Danish MIS is almost general, with the exception of undocumented migrants and EU migrants who come to Denmark for work, but end up homeless. For homeless people with legal residence status in Denmark, shelters and town halls can be used as general postal addresses, but many homeless do not know this measure. Although most citizens are entitled to MIS, lack of information and of personalized help is a cause for non-take-up. Proactive field work, meeting people on the streets, can be helpful, but this is often reduced due to cutbacks in expenses. The report also points to the problem of means testing on the basis of the household income, which may exclude married and co-habiting people from access to MIS if the income of the partners exceeds 1300 EUR.

The **Belgian report** points at the strong conditionalities, linked to access to the right to social integration: pressure to learn the language of the region, to follow courses (where there are long waiting lists), to present themselves for jobs (even when jobs for low-skilled people are scarce). The report points at the contingency of MIS, since local authorities have the discretionary power to impose additional conditions. In most cases PCSW impose additional conditions to obtain a MI: people are forced to accept a job even when still confronted with problems of child care, mobility... The report also mentions the negative consequences of means testing on the basis of the income of the partner. Cohabitants receive less income and often lose supplements when they live together with another person. Specific problems occur for homeless people, who can use the address of a particular PCSW or a private person's address to prove their residence, but many PCSW do not accept this because they are not familiar with the system.

4.3. Link with Active Inclusion Strategies

All reports, except the Danish, point to the fact that in their country, there is no clear active inclusion strategy for people on MIS, based on a coherent strategy that combines in an integrated way inclusive labour markets, adequate income support and access to quality services.

With regards to **inclusive labour markets**, the **Belgian report** sees the activation measures' time limits – activation is in many cases limited to the period of activity required to qualify for unemployment benefits - as problematic, since they only ensure transition from MI to social security benefits, but no real transition to work. Activation measures are also often used as a means to replace regular jobs at lower labour conditions and wages. The report finds that training courses are often not adapted to the needs of people on MI.

The **Hungarian report** signals that the country does have an active inclusion strategy, but that it is not coherent nor comprehensive. The report also regrets that the priority goes to workfare programmes over activation measures that could facilitate reintegration in the regular labour market. Although the number of public work projects, that are linked to training or that are producing market value have increased in recent years, the workfare schemes are not seen as effective means to reintegrate people in the labour market. Moreover, the report strongly criticizes the fact that people's earnings from the public works are well below the statutory minimum wage.

The **Irish report** concludes that Ireland's approach to active inclusion has been confined largely to a reform of activation measures and service configuration by way of administrative reform.

The previous period of cash benefit increases during the economic boom is seen by some as a generous political expression of social solidarity, but others see this period as a missed opportunity to undertake the reform needed to achieve a responsive proactive system which encourages participation, especially for those furthest from the labour market. The Irish report refers to a specific problem of the unemployment trap for MI recipients who take up jobs, thereby losing their right to the Rent Supplement Scheme. It hopes that this problem will be remedied through the introduction of the housing accommodation scheme. Implementation of this new initiative stems from reluctance of private landlords to join the scheme and from the lack of skills and competences of local authorities to manage the scheme.

Although Denmark is known for its policies on active inclusion and special measures have been introduced to ensure training, job search assisted by Jobcenters, utility work and personalized assistance by case managers, the **Danish report** remains critical about the chances for integration on the labour market for vulnerable people, given the changes in the Danish labour market, that has seen the lower skilled jobs disappear. The Danish report hopes that the introduction of flex jobs, adapted to each person's capabilities, as well as sheltered work can be beneficial to vulnerable people's inclusion in the labour market. In their view, there are still problems for disabled people and psychiatric patients to get integrated in the labour market. The Danish Council for Socially Marginalized also points to the unemployment trap that exists: when people start to work and earn money, their benefits are reduced.

With regards to **access to quality services**, the **Belgian report** points to problems of access of poor people to bank accounts, the excluding nature of many private service providers, difficulties in accessing juridical services. The case of undocumented migrants is highlighted, who only have access to urgent medical care but are excluded the access to child care or social housing.

The **Danish report** points to the growing number of initiatives from NGOs to provide services for vulnerable groups by offering specialized advice and services and support communities. The **Irish report** raises the problem of the residual and deteriorating access to and quality of critical public services and the impact this lack of provision has on people with low income who can not afford to buy private services such as health care or education.

The **Hungarian report** points to the fact that services offered to poor people have always been defective. In recent years the administration, responsible for MIS has been developed. But too brief training courses leave social workers with inadequate professional knowledge. Cooperation between social services is insufficient and capacities of NGOs to compensate for this, are limited. Insufficient capacities of job centers and family assistance centers, uneven and limited access to family assistance, lack of methodological guidance and supervision, are all seen as major obstacles to the implementation of and adequate MIS, in its links with quality services.

5. SUGGESTED NEXT STEPS TO IMPROVE ADEQUACY, COVERAGE AND/OR TAKE-UP OF MINIMUM INCOME SCHEMES

The aim of the EMIN project is to identify the initial practical steps of a roadmap to improve adequacy, coverage and take-up of minimum income schemes.

The steps that can be taken will depend on the extent to which public sector actors and representatives of government/political actors agree to involve themselves in their implementation.

In the national reports, the pilot countries have until now concentrated most on the inputs formulated by their national EMIN network partners. These proposals will be further discussed in a dialogue with multiple stakeholders: with people experiencing poverty, NGOs working with people living in poverty, other social NGOs, but also public institutions (ministries, local authorities, mutualities...), social partners, political party representatives, members of parliament, representatives of local councils...

5.1 Adequacy

The question on how to define adequacy of MIS, is high on the agenda in all national reports of the pilot countries.

The **Irish report** first stresses the importance of developing principles for an effective minimum income scheme: simplicity, transparency and fairness, to avoid contingency and means testing and evolving towards one basic scheme of universal payments that can be easily accessed, funded by a contributory mechanism and a progressive taxation system. The report proposes to use the reference budgets developed by the VPSJ to set targets for the progressive increase in the levels of the MIS. These reference budgets also reflect the different dynamics and costs of living for urban and rural dwellers. Existing schemes must be evaluated and simplified and quality of data must be improved. Reforms to MIS must be subject to monitoring and evaluation. It also suggests that the interaction between the MI and various supplements and secondary benefits must be thoroughly analysed to avoid undesired outcomes. The report sees it as essential to launch a process of consensus building through information, communication and public debate, especially on adequacy of MI and the damage of not having a decent income. This debate should also comprise a discussion on funding a comprehensive MIS through fair taxation. The **Danish report** also sees agreeing on a common definition of adequacy of minimum income as key. It points to the fact that, according to a 2010 opinion poll and confirmed by later studies, there is a majority of Danish citizens in support of a MI slightly above the 60% AROP threshold. It also suggests to use standard budgets as a minimum budget, based on a basket of consumer goods and services, and regularly updated, as a means to test the robustness of the agreed level of adequacy. CASA has developed such a standard budget for Denmark. The report of the Expert Committee on Poverty, including on the establishment of a Danish poverty line (recommended to be at 50% of median income – see above) and the drafting of an annual poverty report, will be debated in Parliament in the coming year. The report suggests to develop a deprivation index for

children and adults, based on the budget method, but the Committee does not recommend the use of the budget method to establish the poverty line. The Danish report calls for better monitoring and evaluation of the cash benefit reform, especially with regards to minimum income and poverty lines, by and independent body.

The **Belgian report** demands a national commitment to raise all MI above the 60% AROP threshold, with concrete measures on how to achieve this. Because of the links with minimum wages, this should be discussed in the Consultative Committee Social Welfare, in presence of the social partners. The report also suggests to use the yearly updated reference budgets that were developed, as a criterion to raise the MI. Such reference budgets were already developed for the regions in Belgium. The reference budgets should also be used to assess the prices for essential services, such as housing, and to envisage policy measures to limit excessive prices. Updating of MIS to reflect the raise in the costs of living should be legally anchored in law. Meanwhile PCSW should take up their responsibility to top up MIS with additional social assistance to reach the AROP poverty threshold. The amount of MI for cohabitants has to be urgently increased.

The **Italian report** suggests to compare different proposals for MI that have been developed recently, in order to find common ground on the definition and architecture of a common national MIS. These proposals are: the 'adequate income' proposal, formulated by 170 organizations, the 'proposal elaborated by the metalworkers union Fiom for an instrument of universal and personal income, the REIS proposal (social inclusion income) developed by Caritas and ACLI (Catholic Workers Association), a PD (Progressive Democrats) proposal in Parliament, an initiative on MI by the Minister of Labour and Social Policy. The Adequate Income proposal targets people without jobs and working poor who's income does not exceed 7200 EUR per year and aims at guaranteeing them an income of 7200 EUR, topped up with additional assistance for the number of members of the household. The Fiom proposal would introduce a personal income for unemployed people and working poor above the poverty line, that would be financed through general taxation and would thus not be contributory. The REIS proposal is aimed at all families living in absolute poverty and legally residing in Italy. The benefit could be requested by all persons aged between 18 and 65 years old, residing at least 12 months in Italy. It would be administered at local level.

The **Hungarian report** finds that in order to be adequate, the current means tested benefits should be replaced with a single household minimum income scheme, that is proportional to the size of families, has no ceiling and is yearly updated to at least compensate for inflation. The level of this minimum income should be defined through research and public dialogue. The report argues that the level of minimum income, together with other benefits, should reach the level of income necessary for a dignified life. It contests the validity of using the sociological arbitrary minimum income of 90% of minimum pension for old age, used in a governmental proposal in 2005, or a minimum income not lower than 150% of the statutory minimum for old age, suggested in a recent proposal. According to the report, adequacy should be determined through reference budgets or the thresholds of relative poverty instead.

5.2 Coverage and take-up

The **Belgian report** formulates recommendations to improve coverage and take-up of MIS. It insists that the conditionality of MI on the readiness to accept job offers must be abolished, stating that facilitation of access to appropriate jobs on the labour market is certainly to be welcomed, but that MI should be made an unconditional and undividable social right. However, this suggestion is not shared by the entire Belgian Minimum Income Network. Access to and take-up of this social right should be improved by automatic information to the applicants of their right to additional social assistance by social workers at the PCSW and by automatically granting of benefits where possible. To improve access to MI for homeless people, alternatives are explored to the use of a reference address. The report also looks forward to the results of the HOMERe project, that looks into issues like cohabitant status, individualisation of social rights, housing and debt problems. The report recommends that research should be done on the reasons for non-take-up.

The **Irish report** suggests to create a centralised unit to deliver effective, speedy and responsive means testing as an interim solution. The **Hungarian report** finds that behavioural conditions should be limited to job search and cooperation with job centers and social workers. Other behavioural conditions should be abolished.. Benefit claims, including levels of take-up and sanctions, should be regularly monitored. The report recommends to extend coverage of minimum income schemes also to working poor.

5.3 Links with Active Inclusion Strategies

All reports from pilot countries insist on the importance of an integrated approach to fight poverty and social exclusion, by promoting inclusive labour markets, guaranteeing an adequate income support and access to quality services.

The **Danish report** thinks that more jobs for socially excluded must be created. Educational help for young people should be improved and municipalities should be given financial support to fulfill the ambitions. According to the report, the reform opens new possibilities, but it also requires solid social competences, rehabilitation teams, a strong organization and sufficient financial means, that are currently lacking. More attention should also be given to the role of social NGO, social economy enterprises, in providing training and rehabilitation to vulnerable groups.

The **Irish report** insists on the importance of guaranteeing access to core public services, like health, social housing, education, child care. Services must be delivered in a personalized way, with communication and face-to-face encounters with staff. The Irish Government is called upon to use its power and means to control many aspects of the cost of living such as rent controls, consumption taxes, prices of public transport, medical costs, education.

The **Belgian report** also stresses the importance of more personalized service delivery and accompaniment of MI recipients to guide them to the labour market, that must be separated from the control function on the eligibility conditions for MI and developed in dialogue with the applicant and his family. Efforts to help people to re-enter the labour market must be made

unlimited in time, until labour market integration is achieved. The jobs that are assigned to MI recipients must be new additional tasks, not replacing regular jobs that should be executed by public servants. Access to bank services and to pro deo lawyers must be guaranteed for all. Poverty experts must be engaged in all public services, to ensure universal access to services. Undocumented migrants should have equal access to services. The report also recommends better use of poverty assessments before introducing new laws and policies.

In the short term, the **Hungarian report** wants the workfare programmes to be managed in a legal and more equitable way. The definition of what is a suitable job should be made more flexible for public works. In the longer term, workfare programmes should be replaced by activation measures through personalized guidance, labour market counseling, social work, trainings, rehabilitation and wage subsidies. The capacity and expertise of job centers and social workers should be improved and developed at a higher subregional level, to ensure uniformly high standards.

Overview of suggested measures at national level:

adequacy	Belgium	Denmark	Hungary	Ireland	Italy
Launch public debate on definition of adequate MI	x	x	x	x	x
Commitment to raise all benefits above 60% threshold	x	x			
Introduce national MIS					x
Use reference budgets	x	x		x	
Establish proper updating mechanism to reflect standard of living	x	x	x		
Simplify complex systems			x	x	
Better monitoring and evaluation			x	x	
Coverage and take-up	Belgium	Denmark	Hungary	Ireland	Italy
Abolish conditionality on readiness to accept job offers	x				
Abolish conditionality on behaviour			x		
Create centralized unit for means testing				x	
Automatic granting of benefits	x				
Improve access for homeless people	x	x			
Research on non-take-up	x				
Link with active inclusion strategies					
Develop integrated approach	x	x	x	x	
Create more jobs for socially excluded	x	x			
Service delivery in personalized way	x	x	x	x	
Bigger role for social NGOs and social economy		x			
Guarantee access to social services	x			x	

Control prices of essential services	x			x	
Replace workfare by activation measures			x		
Engage poverty experts in public services	x				
Use ex-ante poverty assessments	x				

6. THE USE OF THE EUROPEAN SOCIAL FUND IN THE FIGHT AGAINST POVERTY AND SOCIAL EXCLUSION

The fight against poverty and social exclusion is part of the Europe 2020 strategy and should therefore be reflected in countries' national plans. These plans can be supported by the European Social Fund. Current proposals suggest that 20% of the budget should be used for social inclusion. In the pilot countries, not many examples of innovative use of the ESF for inclusion purposes can be found in the plans that are implemented now. However, the Danish and Italian reports give the impression that the explicit reference to the role of the ESF with regards to social inclusion, is making headway in the plans for the year to come.

The **Irish report** explicitly states that ESF does not play a substantial role in minimum income in Ireland, since it is primarily focussed on labour market initiatives and to a lesser extent, on community development and services (additional information was asked on the potential use of ESF funding for inclusion of MI recipients in the labour market).

In **Denmark**, out of a total of 214 projects in the period from 2007 to 2012, less than 10 concern social inclusion of vulnerable people. For the next period 2014 to 2020, the inter-ministerial group that deals with the Danish European Program and Budget, plans to make better use of the ESF for social inclusion of vulnerable groups.

In **Italy**, the Partnerships' Agreement for the Structural Funds programming period 2014 to 2020 is in preparation. The document stresses the gravity of the situation in Italy with regards to material deprivation and child poverty, and notes that Italy is one of the few countries in the EU without a measure of income protection of last resort. Italy plans to develop a national plan to experiment with the set-up of measures aimed at families, especially those with children, to give them financial support, conditional on their participation in a project that should be managed by a network of service providers. In addition, interventions will be supported, targeted at people most distant from the labour market, that need a broad range of measures to get integrated in the labour market. In rural areas, interventions are planned for integration into work by means of social farms and by letting young people cultivate land that was confiscated from the mafia or is in public hands. Structural funds will also be used to develop a range of care, health and social housing services and educational and social services for children, based on innovative approaches. In the Action Plan for Cohesion, that supports the South of Italy, 36% of the available resources were devoted to social inclusion, and 5% to youth employment and education.

In **Belgium**, the ESF budget for the programming period 2007-2013 has been used to fund a pillar in the operational programme called 'social integration'. However, an evaluation study shows that ESF money in this pillar relates to labour-market oriented activities, such as training (vocational training, on-the-job-training, language and literacy, job search training, working attitudes training), individual counseling and coaching, work experience programmes and temporary public employment. Some funding was attributed to childcare in relation to job seeking or vocational training.

In **Hungary**, recent evaluation studies showed that ESF funded schemes which include a personalised combination of training, labour market counseling, mentoring and wage subsidies for disadvantaged jobseekers can significantly improve the re-employment chances for long term unemployed people.

7.SOME (INITIAL) RECOMMENDATIONS AT EU LEVEL

Adequacy

From the reports in the pilot countries clearly emerges the need expressed by stakeholders to **launch a public debate on the definition of what is considered as an adequate minimum income**. Most reports consider that the **60% of median income threshold** is a solid national reference. In 3 country reports, the suggestion is made to use **reference budgets** to test the robustness of the level of MI. Reference budgets are seen as helpful tools to define a decent existence threshold that can be used as a benchmark to assess the adequacy of national minimum income protection systems or to define national poverty lines. In several countries in the EU, reference budgets have been or are being developed. However, they use different methodologies and have different objectives. The development of **a common EU-wide framework and methodology** for reference budgets, as foreseen in the European Commission's call for tender, can enable the Commission to better monitor the implementation of the Active Inclusion Strategy, especially the assessment of section on adequate income support and will provide the Commission with a useful tool to formulate recommendations to countries on how to improve their MIS.

Finally, a **EU framework directive** on adequate minimum income should define a EU common methodology for adequate minimum income, with a common definition of minimum income, common criteria on adequacy, common guidelines for uprating and common principles for participation of people experiencing poverty.

Linking the three pillars of the Active Inclusion Strategy

Although the **use of the ESF** for the purpose of social inclusion has been modest so far, from some of the country reports it appears that the explicit reference to social inclusion and the eventual

use of a 20% share of the ESF budget, used exclusively for social inclusion initiatives, could have beneficial effects on countries' priorities.

Further stimulus could be given by **documenting good practices from countries** in the use of the ESF for innovative approaches to fight poverty and social exclusion, linking MIS with inclusive labour market measures and measures to guarantee access to quality services.