



Closing gaps in social citizenship through adequate minimum income schemes

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INTRODUCTION

The EUROSHIP project (2020-2023) aims to provide an original and gender-sensitive assessment of the current gaps in social protection against poverty and social exclusion in Europe. Through the involvement of national and European stakeholders, EUROSHIP develops policy recommendations on how to strengthen social citizenship at the national and EU levels. The research results will support the implementation of the European Pillar of Social Rights.

The project examines, among others, minimum income schemes across European countries and their capacity to prevent poverty and social exclusion before and after the Great Recession. The research team aims (1) to provide an overview of the historical changes and country differences in the design of minimum income schemes, behavioural requirements imposed on minimum income recipients and the role of these schemes in buffering against poverty and social exclusion, (2) to provide new knowledge about changes in minimum income benefits levels and their effects on risks of poverty and unemployment traps and (3) to provide new knowledge about the driving forces behind institutional reforms in minimum income schemes with particular attention to the key role of actor mobilization and social demand in this field.



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EVIDENCE AND ANALYSIS

This section aims to provide a brief summary of the preliminary research findings in order to conceptualise the policy recommendations below. For more detailed information on the findings, please consult the two separate research papers on European Minimum Income Schemes and Developments in Minimum Income Benefits Levels in Europe.¹

- (1) The research found that in almost all EU Member States the minimum income levels of out-of-work households across different household types do not reach the 60% national poverty threshold. Moreover, Central, Eastern and Southern EU Member States tend to have minimum income levels below the 40% national poverty threshold.
- (2) Over time, minimum income levels show a decline in relative benefit levels for most EU Member States. The effect of the Great Recession does not seem to be a significant contributor in most countries.
- (3) In most EU Member States, couples with children receive lower benefit levels compared to single parents.
- (4) While for households without children no notable changes in minimum income levels have been observed over time, for households with children minimum income levels increased in some EU Member States. The differences are especially large in Central and Southern EU Member States, even though the benefit levels still do not reach the 40% national poverty threshold in most cases. The most striking differences exist in Hungary, Bulgaria, Romania and Poland, where households with two children receive approximately twice as much as households without children.
- (5) In some EU Member States, the rate of people living at risk of poverty and exclusion has decreased over time, while at the same time the countries' employment rates have increased. Of concern however are the parallel increases of in-work poverty rates. This suggests that work for many is no viable protection against poverty anymore.

POLICY IMPLICATIONS AND RECOMMENDATIONS

More than 96 million people in the European Union continue to live at risk of poverty and social exclusion, amounting to approximately one in every five people. This is based on 2020 data. With the ongoing effects of the COVID-19 pandemic, combined with the current cost-of-living-crises, high inflation rates and the effects of the green and digital transition as well as demographic change, the number is expected to be significantly higher.

Moreover, certain groups are disproportionately affected by the prevalence of poverty, such as persons with disabilities, single parent households, women, young adults and older persons, people with lower education or long-standing health problems, people who are unemployed, migrants and ethnic minorities such as Roma.

In 2017, the European Parliament, the Council and the Commission proclaimed the [European Pillar of Social Rights](#). The Social Pillar sets out 20 principles for a stronger Social Europe. In Principle 14 the Social Pillar states: *'Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.'*

Moreover, in 2021 the [Social Pillar Action Plan](#) set three EU targets to be reached by 2030:

- (1) to reduce the number of people at risk of poverty and social exclusion by at least 15 million
- (2) to have at least 78% of the population aged 20 to 64 in employment

¹ [EUROSHIP-Working-Paper-4.pdf \(euroship-research.eu\)](#) and [Working-Paper-11-Developments-in-minimum-income-benefits-levels-in-Europe.pdf \(euroship-research.eu\)](#).

- (3) to have at least 60% of all adults in training every year

With a view of implementing Principle 14 of the Social Pillar, the European Commission will propose a Council Recommendation on an adequate Minimum Income in the second half of 2022.

If adequate, minimum income can play a key role in reducing the depth of poverty and persisting inequalities. Indeed, all EU Member States currently provide some form of minimum income schemes. However, as outlined above, their adequacy varies considerably and almost all fail to guarantee the individuals and their families concerned a decent standard of living throughout the life cycle.

Leaving the flexibility and design of minimum incomes schemes to Member States has not brought about the drastic change needed to reduce poverty in Europe. This is why the EUROPSHIP team strongly believes that the Council Recommendation needs to include the possibility of further action in the form of a Framework Directive.

Policy recommendations to ensure a truly adequate minimum income that guarantees a decent life for all:

- **Minimum income levels need to be lifted to an adequate level for all household types:** to define adequacy, the national at-risk-of-poverty thresholds (AROP) should be used, stipulating that people falling below 60% of the national median income are at risk of poverty. Only a minimum income that is at least at this level a good starting point for defining adequacy.
- Additionally, **reference budgets** calculated by independent experts should be used and based on the real cost of goods and services, taking into account different living costs between regions, inflation and different life and family situations.
- Minimum income levels must be **regularly indexed and updated** to avoid that people in the most vulnerable situations are disproportionately impacted by higher costs of living and inflation.
- Around 35% of people do not take up the benefits they are entitled to. This can have different reasons, such as unawareness of rights, burdensome administrative procedures, or fear of stigmatisation for example. Minimum income must be accessible to everyone and be available as long as it's required. **Barriers that hinder people's take up need to be addressed and transparent and non-discriminatory eligibility criteria must be used.**
- Minimum income must be catered for the specific needs of individuals and groups in vulnerable situations to ensure their non-discriminatory access and **take account of the reality of intersecting inequalities and differing needs.** A purely mainstream approach in policy-making often does not reach those most in need. **Research needs to be carried out to understand the gaps and reasons for non-take up** of minimum income for groups in vulnerable situations.
- To tackle the high non-take-up and to ensure the transition to other types of benefits without delay, **minimum income benefits must be granted proactively, ideally automatically.**
- **Minimum income must be shaped within a comprehensive and personalised active inclusion approach,** which promotes access to quality essential and social services and support towards inclusive labour markets for those who can work, as well as social participation for those who can't. **Person-centred pathways and active outreach measures must be prioritised** to prevent people from falling behind.
- **No negative conditionality and sanctions leading to total or partial cuts in minimum income support should be allowed.** Tapering of benefits to ensure work incentives risks forcing people to accept any job notwithstanding the conditions.
- **Asset tests should be avoided.** If applied however, they must be designed carefully in order not to exclude people at risk of poverty from saving.
- **It must be possible to combine minimum income with other benefits and sources of income,** such as disability benefits for example, to avoid pushing people into the grey economy.

- Minimum income must be **ensured across the life span**, including minimum pensions.
- **Effective adjudication by independent bodies and the right to appeal** needs to be available and accessible for everyone.
- **Member State's realisation of an adequate minimum income needs to be monitored through key EU processes**, such as the European Semester and the implementation of the Social Pillar Action Plan, as well as the Social Scoreboard, with findings triggering concrete policy change.
- The **engagement of beneficiaries and the civil society organisations representing them** in developing, implementing, and monitoring adequate minimum income schemes must be ensured at all levels of governance.
- Proactive measures are needed to **tackle the stigmatisation linked to people experiencing poverty and benefit claimants**.
- Minimum income must **not be made dependent on nationality/residency requirements**.

Conclusion

As a foundation for high quality social protection systems and with a view of reaching the EU's poverty reduction targets, an adequate minimum income is indispensable. The current levels of minimum income schemes across the EU do not match actual needs and leave the individuals concerned stigmatised, isolated and trapped in a cycle of poverty. Soft law instruments have failed to bring about the drastic change needed. More needs to be done to enforce people's right to a minimum income in line with Principle 14 of the European Pillar of Social Rights, which is why the EUROSHIP project calls for a legally binding Directive on an Adequate Minimum Income.

PROJECT IDENTITY

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