

Minimum income policies as a tool to tackle poverty

Presentation of the
European Minimum Income Network (EMIN)

The logo for the European Minimum Income Network (EMIN) features the acronym 'EMIN' in a large, bold, sans-serif font. The letters 'E' and 'N' are grey, while the letters 'M', 'I', and 'N' are orange. The letters are closely spaced and have a slight shadow effect.

EMIN

EUROPEAN **MINIMUM INCOME** NETWORK

European Minimum Income Network - Presentation

- 1. General Presentation of EMIN**
 - 2. Context: state-of-play minimum income in Europe**
 - 3. Activities planned in the EMIN2 project**
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1. European Minimum Income Network General Presentation

The European Minimum Income Network (EMIN) is an informal Network of organisations and individuals committed to achieve the progressive realisation of adequate, accessible and enabling Minimum Income Schemes

EMIN is organised at EU and national levels, in all the Member States of the European Union and also in Iceland, Norway, Macedonia and Serbia

EMIN is coordinated by the European Anti-Poverty Network (EAPN).

www.emin-eu.net

1. European Minimum Income Network General Presentation

EMIN received funding from the European Commission in the period 2013-2014 to establish its activities. Outputs from this period are available at **emin-eu.net**

For the period 2017-2018 EMIN will receive financial support from the European Union Programme for Employment and Social Innovation (EaSI) to develop its work in the EU Member States and at EU level. We call this the **EMIN2 project**. Additional funding is sought to engage the EMIN Networks not in EU Member States in this phase

See EaSI programme <http://ec.europa.eu/social/easi>

1. European Minimum Income Network General Presentation

The EMIN2 project aims at the **progressive realisation of adequate, accessible and enabling minimum income schemes**, through:

- **Strengthening the EMIN Networks** and Networking at EU and national levels
- **Building awareness** that adequate and accessible incomes are not only good for the people who directly benefit but also for the whole of society
- Ensuring progress through **engaging in relevant policy debates and initiatives** at EU and national levels

1. European Minimum Income Network: General Presentation

Lead Partner: EAPN (European Anti-Poverty Network)

Key partners

- **European Trade Union Confederation (ETUC)**
- **The Federal Public Service for Social Integration in Belgium**
- **The University of Antwerp**
- **Academic Experts and Experts by Experience**

- **The National EMIN Networks**
- **The EU Level Supporters Group** – Open to organisations and actors committed to ensuring adequate and accessible Minimum Income Schemes

Role of the European Parliament

Since the beginning the European Parliament has supported the EMIN Network and regular advisory meetings are held to ensure continued engagement with the Parliament

1. *European Minimum Income Network*

General Presentation

EMIN Definitions

Minimum Income Schemes = income support schemes which provide a safety net for people, whether in or out of work, and who have insufficient means of financial support, and who are not eligible for social insurance payments or whose entitlements to these have expired.

They are last resort schemes, which are intended to ensure a minimum standard of living for the concerned individuals and their dependents.

Adequacy : a level of income that is indispensable to live a life in dignity and to fully participate in society. Adequate Minimum Income Schemes are regularly updated to take account of the evolution of the cost of living. Benchmarks are: 60% of median equivalised income, indicator on material deprivation, robustness to be tested using reference budgets

1. *European Minimum Income Network*

General Presentation

EMIN Definitions

Accessible: providing comprehensive coverage for all people who need the schemes for as long as they need the support. Accessible Minimum Income Schemes have clearly defined criteria, they are universal, non-contributory and means-tested. They do not discriminate against any particular group and have straightforward application procedures. They avoid:

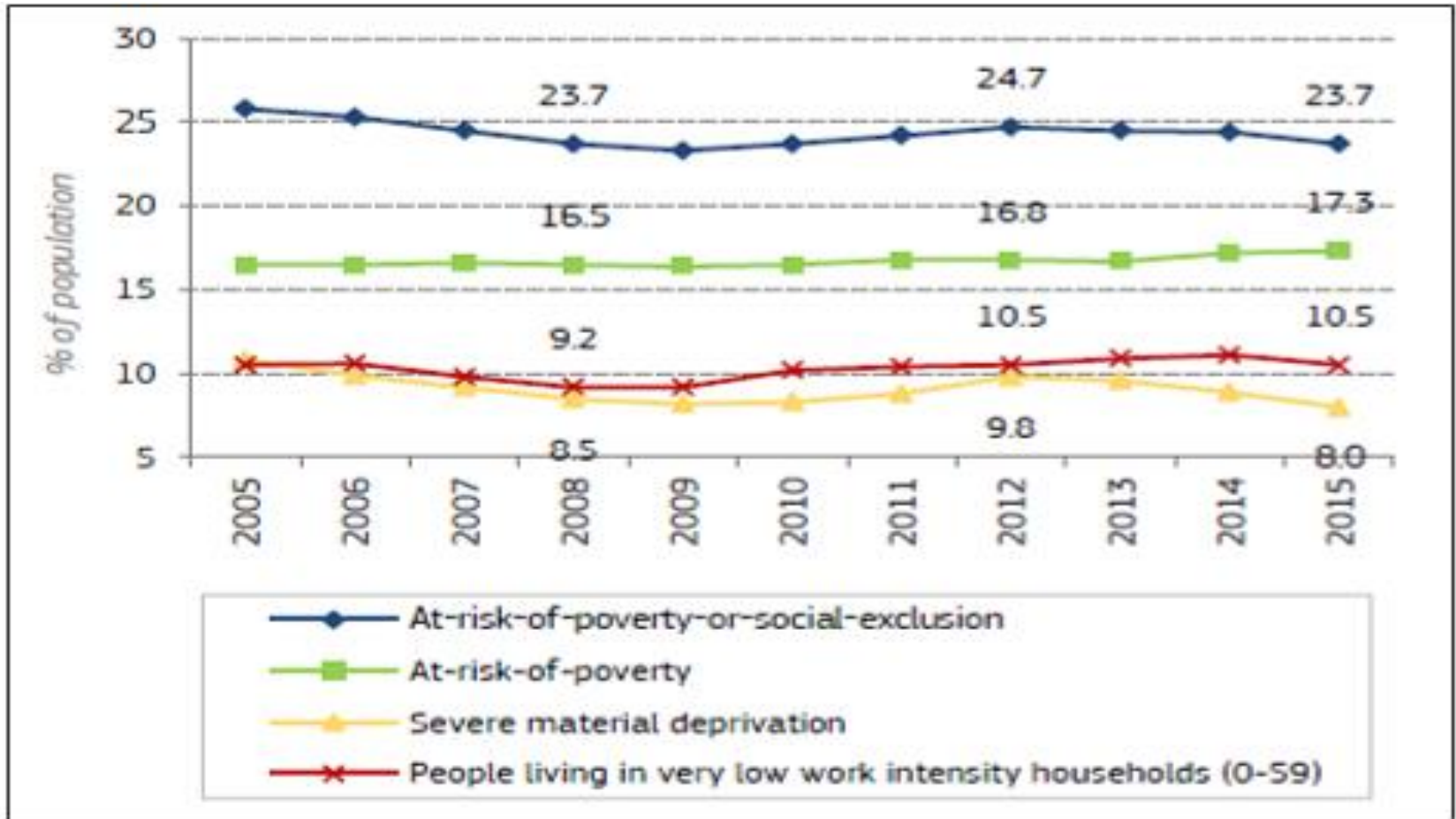
- institutional barriers such as bureaucratic and complex regulations and procedures and have the minimum required conditionality,
- implementation barriers by reaching out to and supporting potential beneficiaries
- personal barriers such as lack of information, shame or loss of privacy.

Enabling: schemes that promote people's empowerment and participation in society and facilitate their access to quality services and inclusive labour markets.

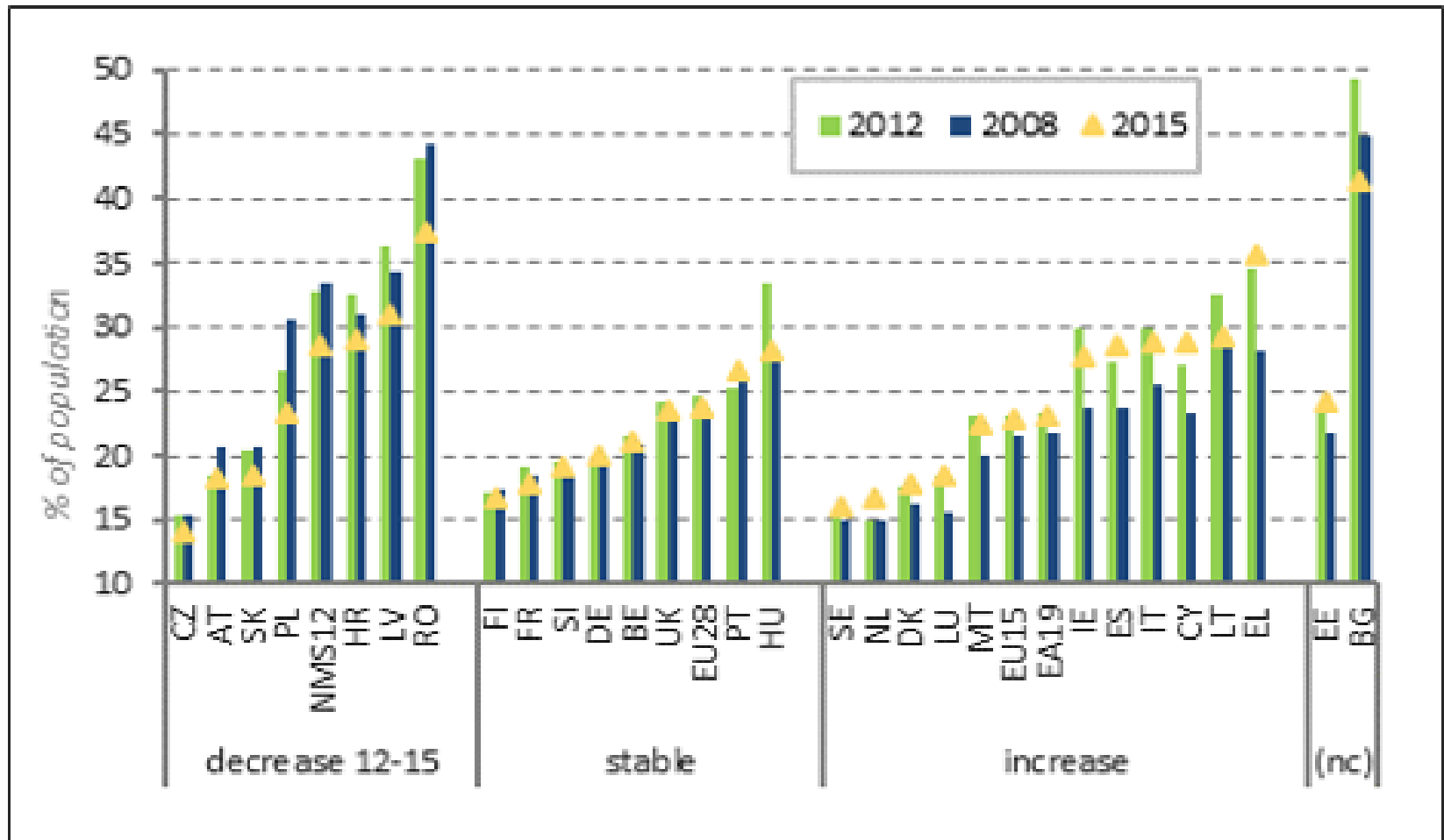
2. Current social context: poverty and social exclusion in the EU

- In 2015, **118.8 million** people (23.7%) of population at risk of poverty and social exclusion: + **1.6 million** compared to 2008 instead of – 20 million Europe 2020 strategy
- **Women** more than men (24.4%) – many **lone parents with children** (47.9%) – low-skilled, unemployed and migrant people
- **17.3%** at risk of poverty (16.5% in 2008): 60% median equivalised income (EU poverty line)
- 8.1% in **severe material deprivation** (8.5% in 2008): cannot pay rent or utility bills; keep home warm; face unexpected expenses; eat meat or proteins regularly; go on holiday; tv set; washing machine; car; telephone (4/9)
- 10.5% in **very low work intensity** (9.2% in 2008): less than 20% full potential
- **Large differences** amongst countries: more than 1/3 in BG, RO, EL – lowest in FI, NL, SE, NO, CZ, and IS (less than 17%)

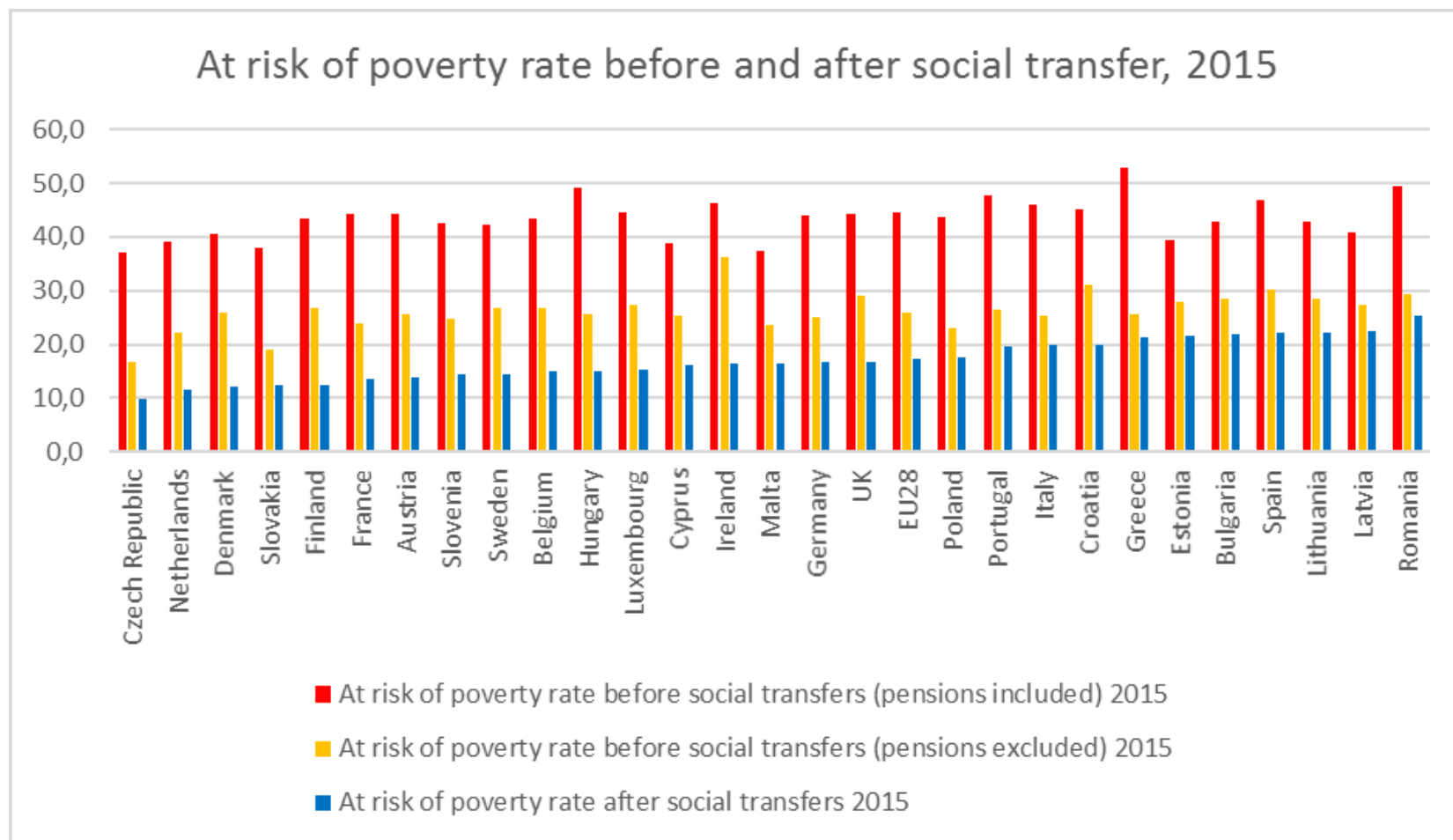
At-risk-of-poverty and its components – EU 27



At-risk-of-poverty and social exclusion rates – 2008, 2012 and 2015



Impact of social transfers on AROP

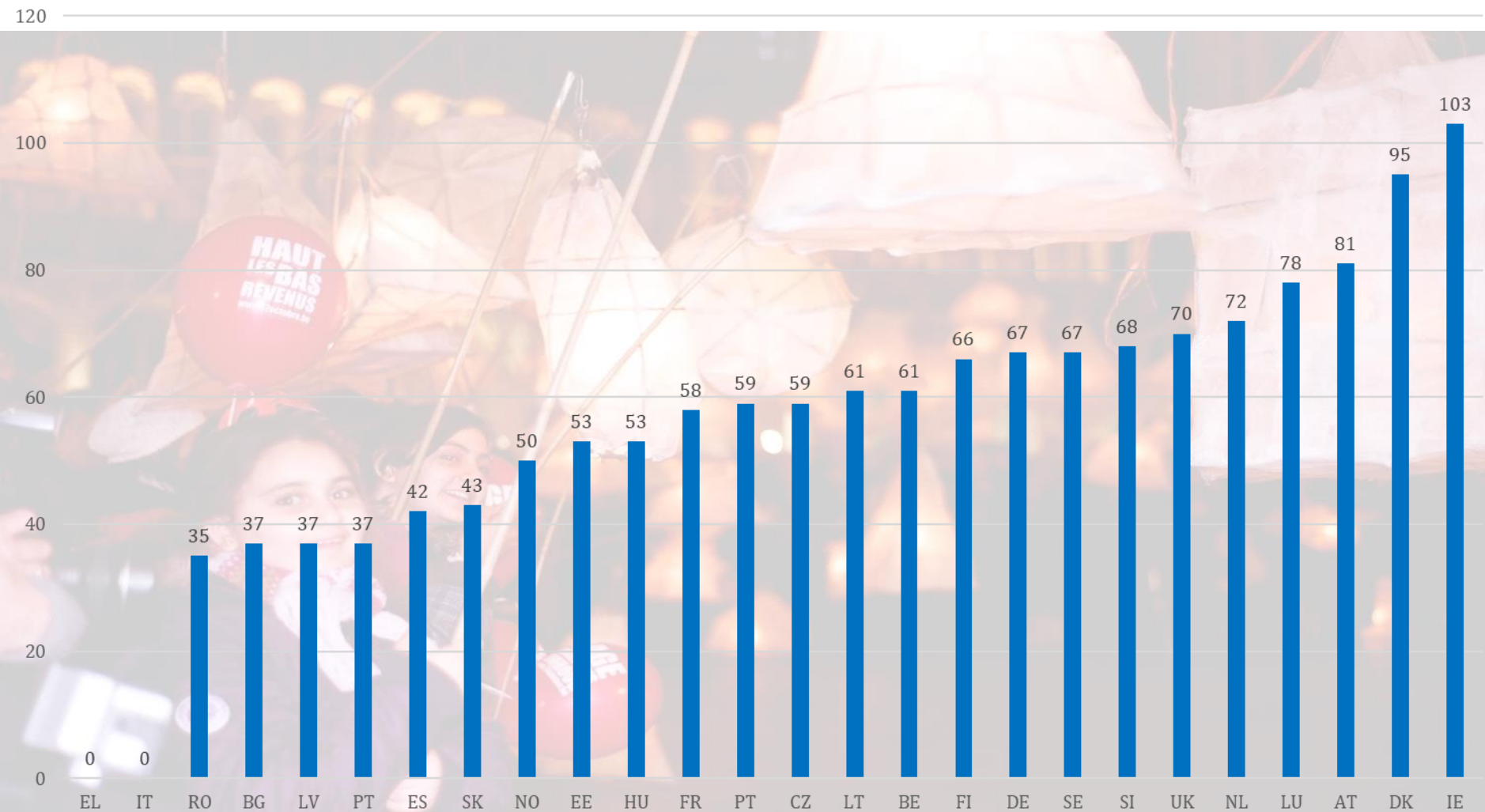


2. Context: Minimum Income Schemes across Europe

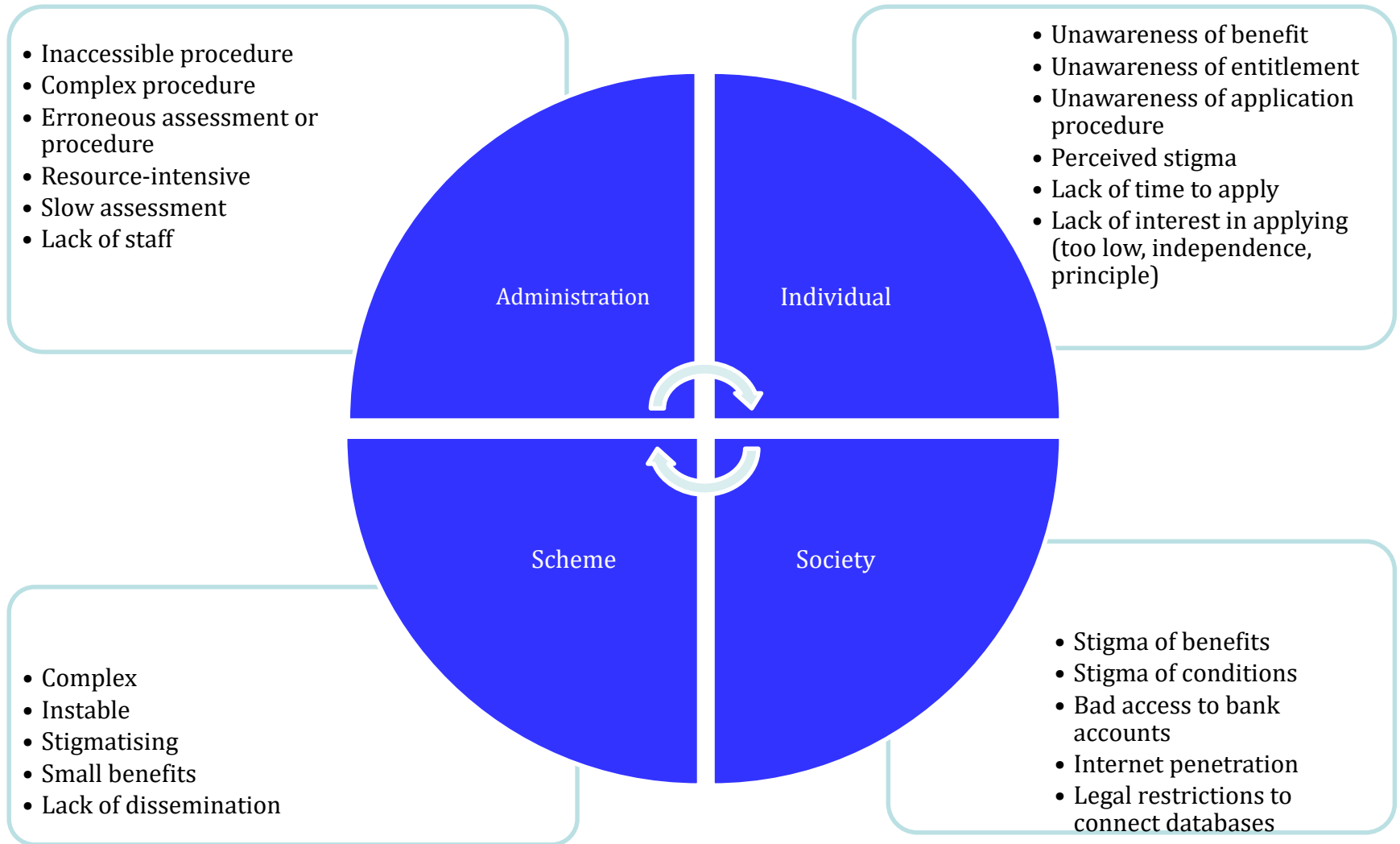
- **All countries in EU** have MIS. IT and EL recently introduced first national schemes
- Great **variety** in eligibility, governance, levels of payment, coverage, take-up
- **Adequate in fight poverty?** Only **DK, and IE** reach **AROP** for some family types
- In **BG, RO, LV and PL**, for most family types MI does **not even reach 40%** of AROP
- Impact on **poverty reduction** improved since 2009 only in 5 countries (AT, EE, MT, PL, PT, RO, SK), got worse in 11 (BE, BG, CZ, DK, ES, HU, LT, NO, RO, SE, UK)
- **Coverage** partial in 9 countries and low in 8: restrictive eligibility criteria, income threshold, excessive means-testing
- **Non-take-up** serious problem: between 20 to 75% - unknown rights, unclaimed rights (costs, conditionality, controls...), un-obtained rights
- Link with **active inclusion**: increased emphasis on ALMP, increased conditionality, sanctions – more public work schemes – access to quality services only in 4 countries (DK, IS, NO, SI) – negative impact of financial consolidation measures

2. Context: Minimum Income Schemes across Europe

Minimum income as % of AROP threshold – couple 2 children (2013)



Reasons for non-take-up



2. Policy context: EU policy framework

Key milestones

- 1992 Council recommendation on sufficient resources and social assistance
- 2008 Commission recommendation active inclusion - 2013 social investment package: guidance for upgrading strategies, including use of reference budgets
- 2010 Year against poverty + Launch of **Europe 2020 strategy**; target reduce AROPE by at least 20 million
- 2017 **European Pillar of Social Rights**, including right to adequate minimum income
- **Committee of Regions and European Economic and Social Committee**: EU framework directive on MI + examine EU funding
- **Social Platform**: call for an EU Directive on Minimum Income (2014)
- **ETUC resolution December 2016**: European Directive on **adequate minimum income schemes**, in combination with other income support schemes, access to quality services, and with active inclusion policies”.

2. Policy context: EU policy framework

European Parliament report: Minimum Income policies as a tool to tackle poverty - October 2017

- Call on MS to introduce or upgrade **adequate MIS** that ensure life in dignity to households with insufficient income, support participation in society and ensure their autonomy across the life cycle
- Embed MIS in **active inclusion strategies**, accompanied by access to quality services and measures to facilitate re-entry in labour market for people in vulnerable situations
- MS should set MIS **above the AROP 60%** combined with use of **reference budgets**
- MS must combat non-take-up; EC and SPC to research and recommendations and guidelines
- EC and MS to better **use ESF and EaSI** to establish MIS
- Recall EESC opinion on **framework directive** on MIS in EU, including common rules and indicators, and methods to monitor implementation
- Importance of **European Semester** in monitoring adequacy of MIS

2. Policy context:

Minimum income in the European Pillar of Social Rights

“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.”

- Use of CSR in **European Semester**, benchmarking + exchange of best practices, monitoring based on social scoreboard can contribute to assess efforts of Member States
- Support pillar of social rights through **European Funds** and post 2020 EU budget
- EMIN: Concerned with **narrow definition** of incentives; should be in line with active inclusion link with inclusive labour markets and access to quality services to enable people to take up decent jobs
- Need for **enforceable legal right**: EU framework directive, with common methodology, including on adequacy, based on 60% median equivalised income, material deprivation – tested with reference budgets - positive hierarchy with minimum wages

2. Policy context: Minimum Income in the European Pillar of Social Rights

Follow-up: Social Platform position paper

Building Social Europe: a comprehensive implementation plan for an effective EPSR

- Framework directive on minimum income schemes, setting social protection floor establishing common principles, definitions and methods to enable people to live in dignity, support their full participation in society and ensure their independence across the life cycle
- Mainstream the principles of the Social Pillar in EU governance processes: focus on adequacy, coverage and accessibility of social protection systems and quality, accessibility, affordability and availability of services
- Invest in people, both at EU and national level
- Promote the meaningful involvement of civil society in decision-making processes

2. Policy context: *Minimum income in the European Semester*

- Main tool at EU level on MIS: Country Specific Recommendations (CSR), country reports, National Reform Programmes (NRP)
- More emphasis on poverty and on MIS: 11 countries received CSR on poverty - **6 countries on MIS**: 5 on adequacy (BG, HU, EE, LV, LT) – 3 on coverage (BG, HU, ES) – ES address gaps and disparities – HR on underspending on social safety nets, including MI
- But **lack of coherence** with austerity oriented recommendations, focus on sustainability, rationalization, targeting of social protection
- Poverty target still not taken seriously in NRP – disappointing response on adequate income support
- **Improvements** on adequate MI in some countries (CY, EE, IE, LV, LT, ES) but insufficient for increases in cost of living
- main focus on sustainability of social systems, in practice cuts in benefits (HU), increasing non-take-up (LT), food banks, high level of indebtedness.
- **European Pillar of Social Rights** to be implemented through the Semester

2. Policy context: EAPN Work on European Semester

Assessment of national reform programmes 2017 (September 2017)

- Minimum Income part of key message: *Prioritize social rights and an integrated strategy to effectively reduce poverty*

Response to Annual Growth Survey/Joint Employment Report (January 2018)

- Focus on MI in key messages: *'give equal weight to adequate minimum income and social protection as right, ensuring adequate financing'* and reference to EMIN in box on benchmarking under social pillar

2. Policy context: *EU framework directive on adequate MIS*

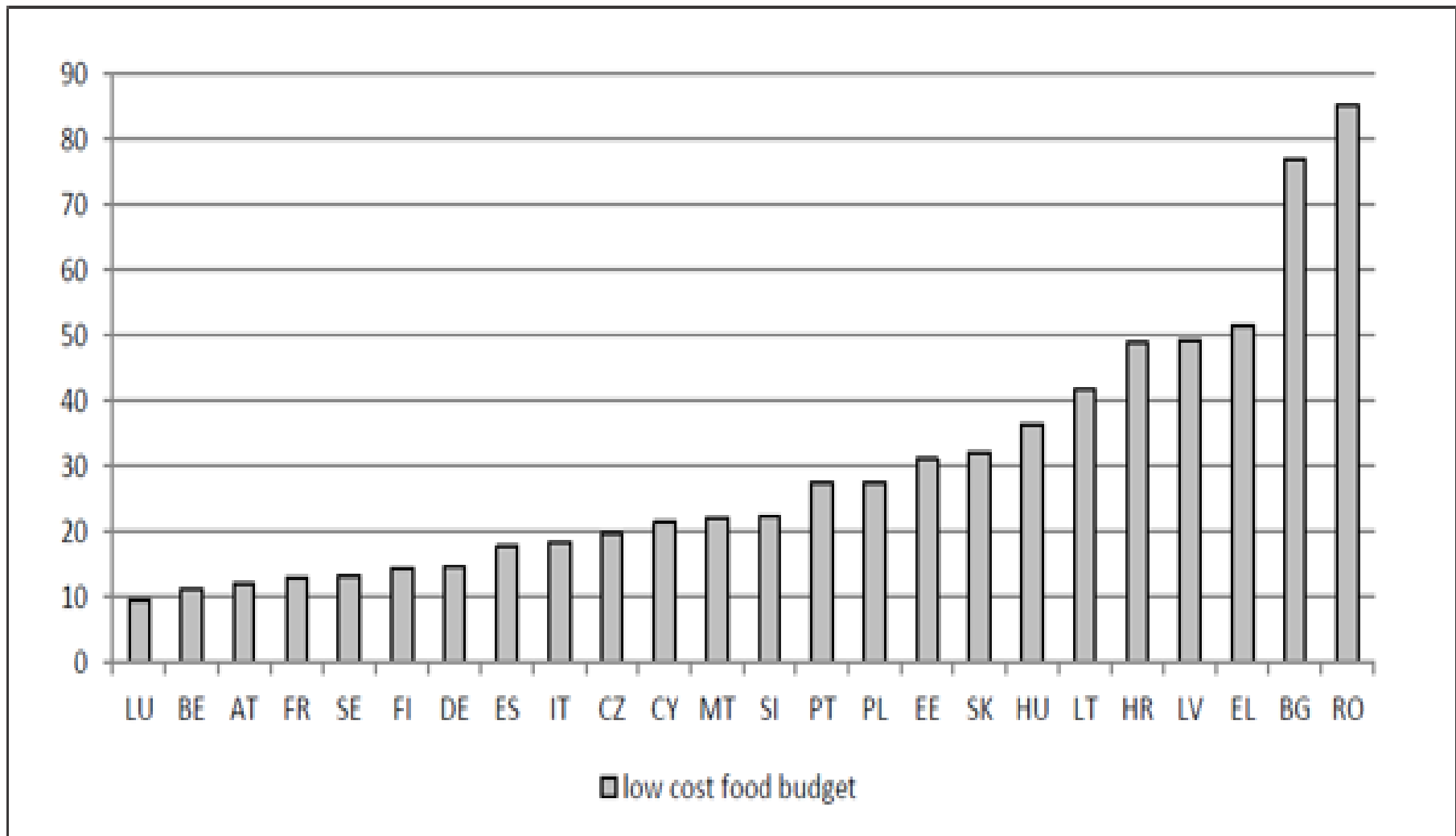
- Soft law, including ‘socialized’ **Semester**, not enough – need **enforceable right** through EU framework directive to implement right to decent MI in EPSR
- Possible **Treaty base**: art 153, 1, h on integration of persons excluded from labour market
- Content to be developed by panel of experts: SPC, NGOs, PeP, social partners
- Definition **adequacy** based on 60% median income + material deprivation – reference budgets method further developed to gain more insight on living standard
- Member States evaluate **coverage and take up**, reduce conditionality, simplify procedures, increase transparency and information
- **Active inclusion approach** combining adequate income access to services and inclusive labour markets
- Positive hierarchy with **minimum wages**; combine with decent **pensions** and **child benefit schemes**

2. Policy context: *Reference budgets a promising tool*

- **Pilot project** on developing a common methodology on reference budgets in Europe (EC funded project 2013) – including overview in EU Member States
- baskets of goods and services necessary to reach an acceptable standard of living and to participate in society
- The **ten baskets** are: adequate housing, food, health care, personal care, clothing, mobility, leisure, rest, maintaining social relations, and safety in childhood
- **Method** includes expert knowledge and focus group participation
- developed and used in **nearly all EU countries**, except HR, LT and LV
- In many countries MIS not sufficient to cover healthy diet – if all needs are taken in account, MIS in many countries not fully adequate – RO + BG food basket = 80% AROP
- Reference budgets can be used for **several purposes**: assess adequacy of social benefits and wages, poverty threshold, additional income support, debt counselling etc

2. Policy context: Reference Budgets

Price of food basket as % of AROP threshold – single person (2013)

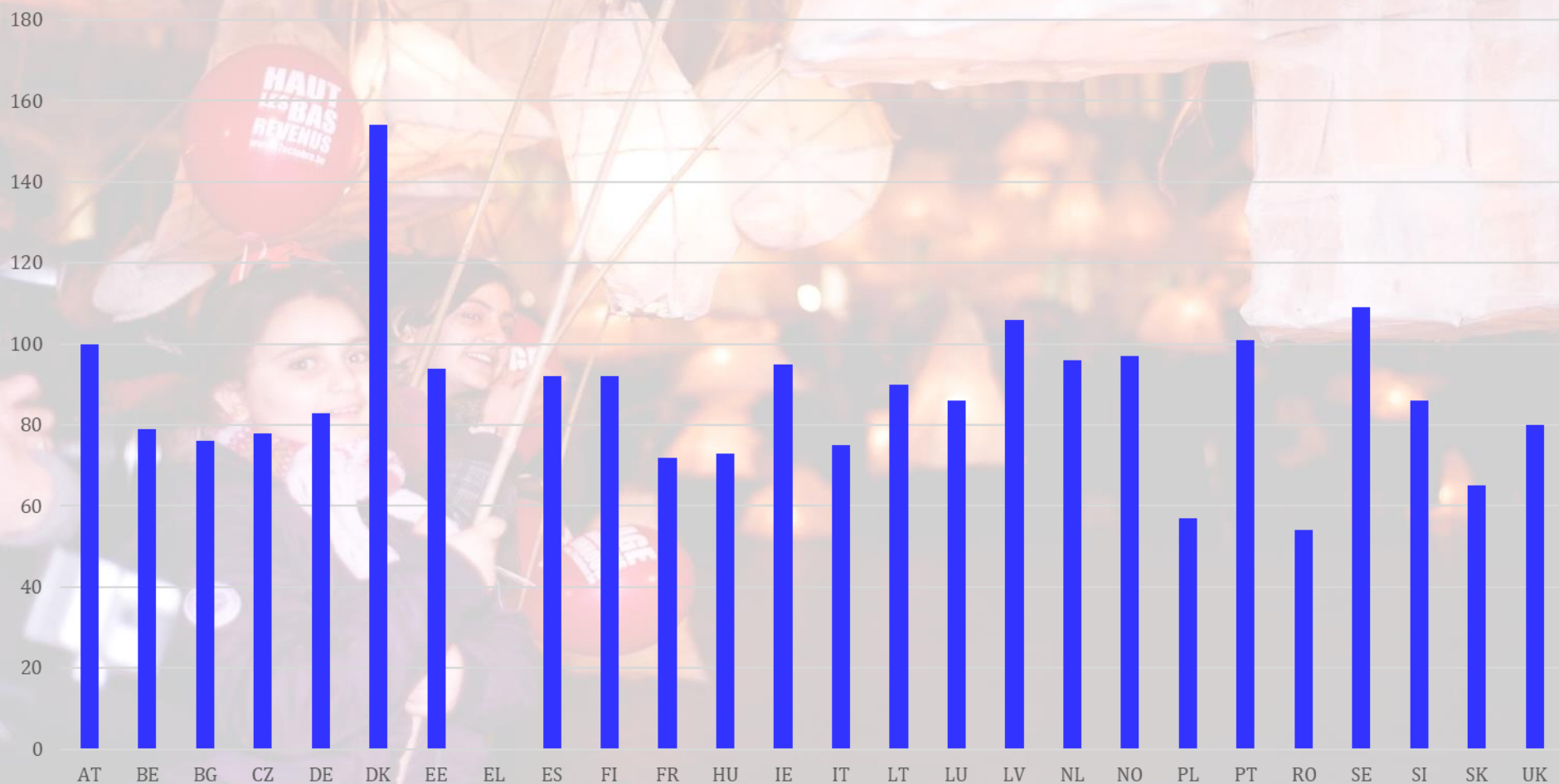


2. Policy context: Comparing minimum income with minimum wages

- To facilitate transition to the labour market, the level of (minimum) wages should be higher than income from MI schemes. This is also in line with the active inclusion strategy, although practises in countries are different with regards to the wedge between MI benefits and minimum wages.
- In most countries for most family types, MI benefits fall far behind minimum wage levels. For instance, for a single person in the worst performing countries (BG, PL, PT, RO) the level of social assistance benefits relative to net income at minimum wage is between 21% and 36% whereas in the best performing countries (AT, CZ, DK, EE, IE, LU, NL) it is between 73% and 88%.
- In many countries MI benefits are also granted to people with insufficient income from work or social security benefits (AT, BE, BG, CY, CZ, DK, EE, ES, FI, FR, LT, LU, MT, NL, PL, PT, RO, SE, UK). In-work benefits, partial disregard of earnings from means testing, tapered withdrawal of benefits over time, help to ease transitions from MI benefits to employment.

Comparing minimum income with minimum wages

social assistance relative to net income at minimum wage
couple 2 children



2. Policy context:

Basic income: a new kid in town?

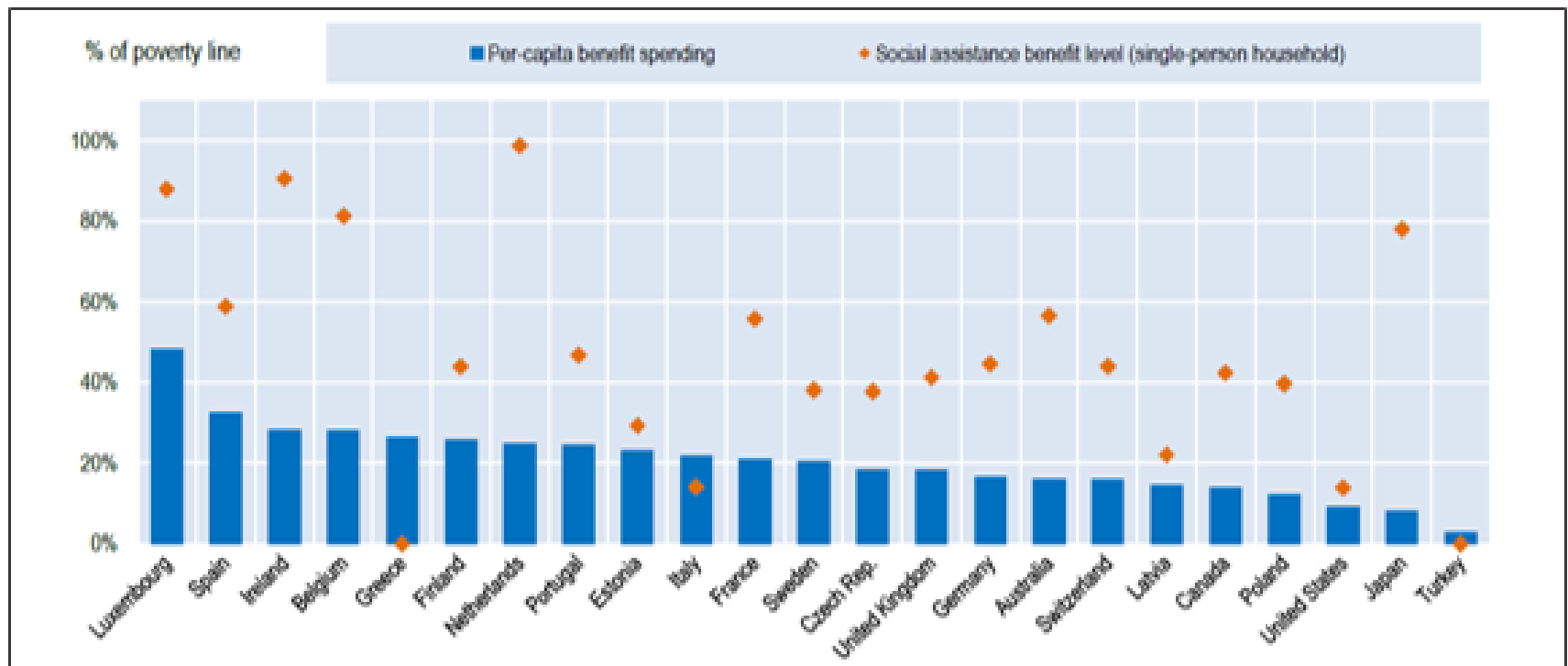
- Popular idea, **gaining momentum**: tested in Canada, USA, Namibia, experiments on micro scale in FI, NL, Barcelona, proposal in presidential elections FR, referendum CH rejected – report UN special rapporteur on poverty (2017)
- “A periodical cash payment unconditionally delivered to all on an individual basis, without means-testing or work requirements” (see BIEN)
- **Cost** partially covered by **partial replacement of social security** and/or increased VAT or direct taxation
- **Universal**: replace complex welfare systems, no selection criteria, same payment for all, rich and poor – but is this fair? Quid progressive universalism?
- **Unconditional**: no obligation to work in return, sometimes presented as solution for declining job opportunities, no pressure to accept poor quality jobs – but risk of less qualified people left behind? Especially **women, young people, people with low skills** risk to withdraw from LM

Focus on common challenges:

- right to decent income, less conditionality, red tape, bureaucracy, stigma
- UN rapporteur: “bring debates on social protection floors and basic income together: common challenges on economic insecurity, HR to adequate standard of living higher on political agenda!”

Affordable? Calculations for BE – 1000€ for adults = 100 billion € = 25% GDP -
 Compared to raise all MI to 60% AROP: 1.24 billion€ = 1.4% GDP
 OECD study: BI replacing all existing social benefits for working age population
 and spread out as flat-rate amount over this population = much lower than
 poverty line and than existing MIS

Figure 8: Non-elderly benefit spending per capita and social assistance amount for a single person without children as a % of the poverty line, 2013



Source: OECD policy brief p.3

3. Activities planned in the EMIN 2 Project

- **Strengthening the European and National level Minimum Income Networks**
- **Context Reports:** National reports outlining relevant developments and opportunities within the Member States and a European Context Report
- **Enhancing cooperation between Public Services** responsible for Minimum Income Schemes in the Member States
- Stimulating **cooperation** between EMIN teams and **Reference Budgets experts**
- **‘Everyone on the Bus’** a journey through Europe to promote awareness and understanding of the importance of MIS

3. Activities planned in the EMIN 2 Project

- **Seminars and awareness arising events** in all EU Member States and at EU level
- **3 Peer Reviews:** on the topics of: 1. Take-Up, 2. Reference Budgets and 3. Active Inclusion
- **Closing European Conference:** to assess progress and identify future actions
- **Communication:** a communication strategy is being developed and delivered as a central element of the EMIN2 project

3. Activities planned: Bus Road Tour

What?

A bus journey covering all EU countries, with several stops in each country, to share information and to encourage interaction on the importance of decent Minimum Income

Why?

To generate knowledge and support for the progressive realisation of adequate, accessible and enabling Minimum Income Schemes

**Guaranteed Minimum Income Schemes
No one deserves less – good for everybody**

Who?

On the Bus: Social Policy Experts, Civil Society Representatives, PeP, Journalists/recorders, administrators ++

At the stops: Interaction with civil society, politicians, officials and administrations and general public.

3. Activities planned: Bus Road Tour

When?

24 April to 28 June 2018

How can the public engage?

- Visit the Bus during stops and events
- Follow the bus
- Sign up to our blog, follow the blog news
- Sign up, on the bus wrapper
- Sign our online petition
- Follow us on social media (Facebook, Twitter), share our messages
- Invite your friends to join the bus and do the same
- Ask groups, associations, political parties, faith groups to arrange to come to the Bus and join in)

3. Activities planned: Bus Road Tour



A blog is developed for the bus trip: www.eminbus.eu

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To follow the project sign up at **emin-eu.net**