

Minimum income policies as a tool to tackle poverty



Making progress on decent minimum income schemes

***Anne Van Lancker – Die Armutskonferenz, Vienna
22 October 2018***

1. European Minimum Income Network General Presentation

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

EMIN: organised at EU and national levels, in all the Member States of EU + Iceland, Norway, Macedonia and Serbia

EMIN: coordinated by the European Anti-Poverty Network (EAPN) and funded by the European Commission (EaSI).

www.emin-eu.net

1. European Minimum Income Network: General Presentation

Lead Partner: EAPN (European Anti-Poverty Network)

Key partners

- **European Trade Union Confederation (ETUC)**
- **Federal Public Service Social Integration BE:** cooperation of public authorities
- **The University of Antwerp:** European Platform for reference budgets
- **Academic Experts and Experts by Experience**
- **The National EMIN Networks**
- **The EU Level Supporters Group**
- **Role of the European Parliament:** support since beginning - regular meetings to ensure continued engagement

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.

Adequacy : a level of income that is indispensable to live a life in dignity and to fully participate in society.

Benchmarks: 60% of median equivalised income, material deprivation, using reference budgets

Accessible: providing comprehensive coverage for all people who need the schemes for as long as they need the support

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

1. Activities planned in the EMIN 2 Project

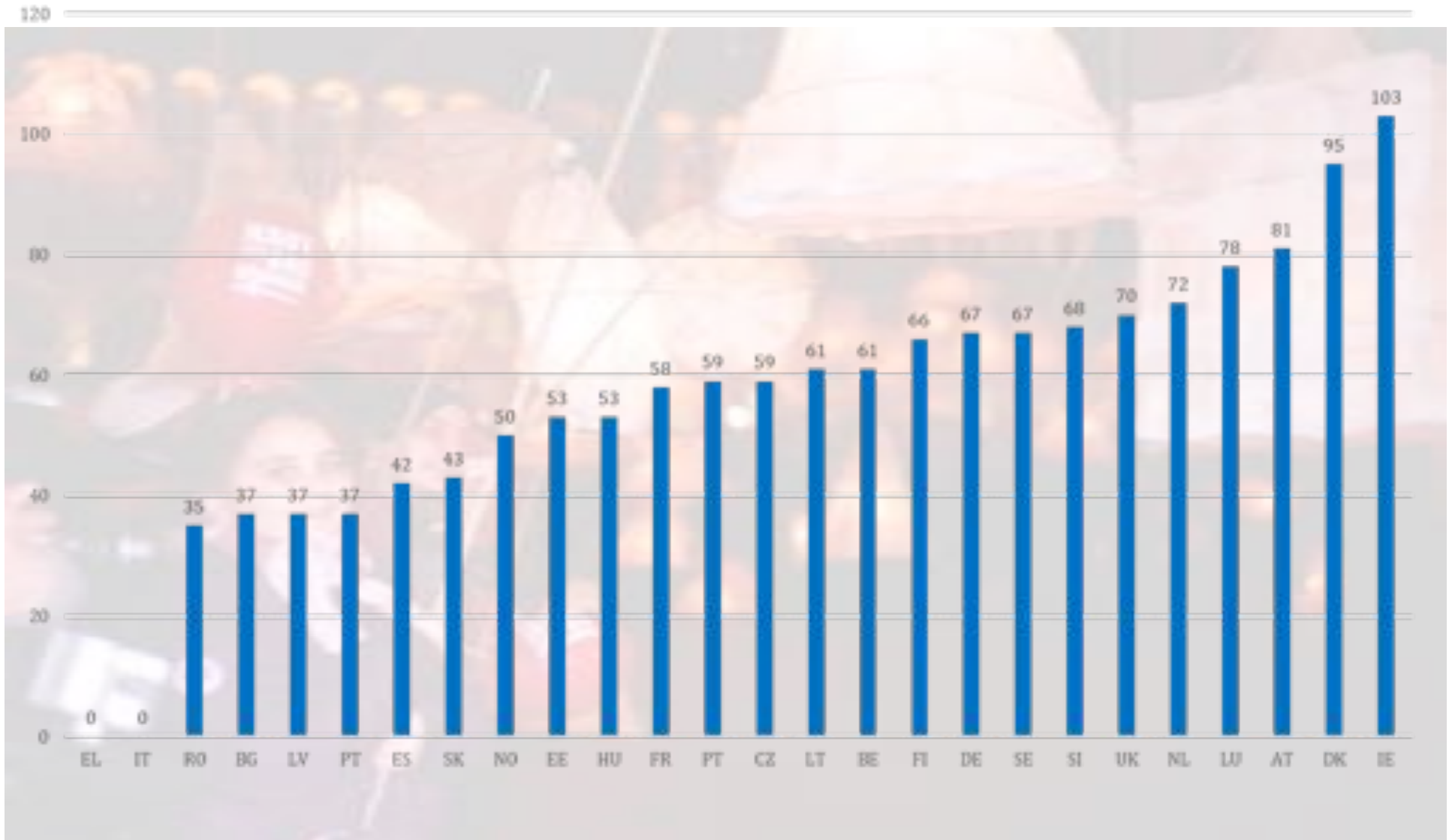
- **Strengthening the European and National level Minimum Income Networks:** seminars, awareness raising events, conferences
- **Context Reports:** National reports with relevant developments and opportunities in the Member States and in Europe
- **3 peer reviews:** coverage and take-up, reference budgets, active inclusion - recommendations
- **Enhancing cooperation between Public Services** responsible for MIS in Member States and with **Reference Budgets experts**
- **'Everyone on the Bus'** a journey through Europe to promote awareness and understanding of the importance of MIS – 32 countries – 2 months
- **Closing conference** 20-21 November 2018

2. Context: Minimum Income Schemes across Europe

- **All countries in EU** have MIS. IT and EL recently have 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 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, un-obtained rights
- Link with **active inclusion**: 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

adequate? Minimum income as % of AROP threshold – couple 2 chi



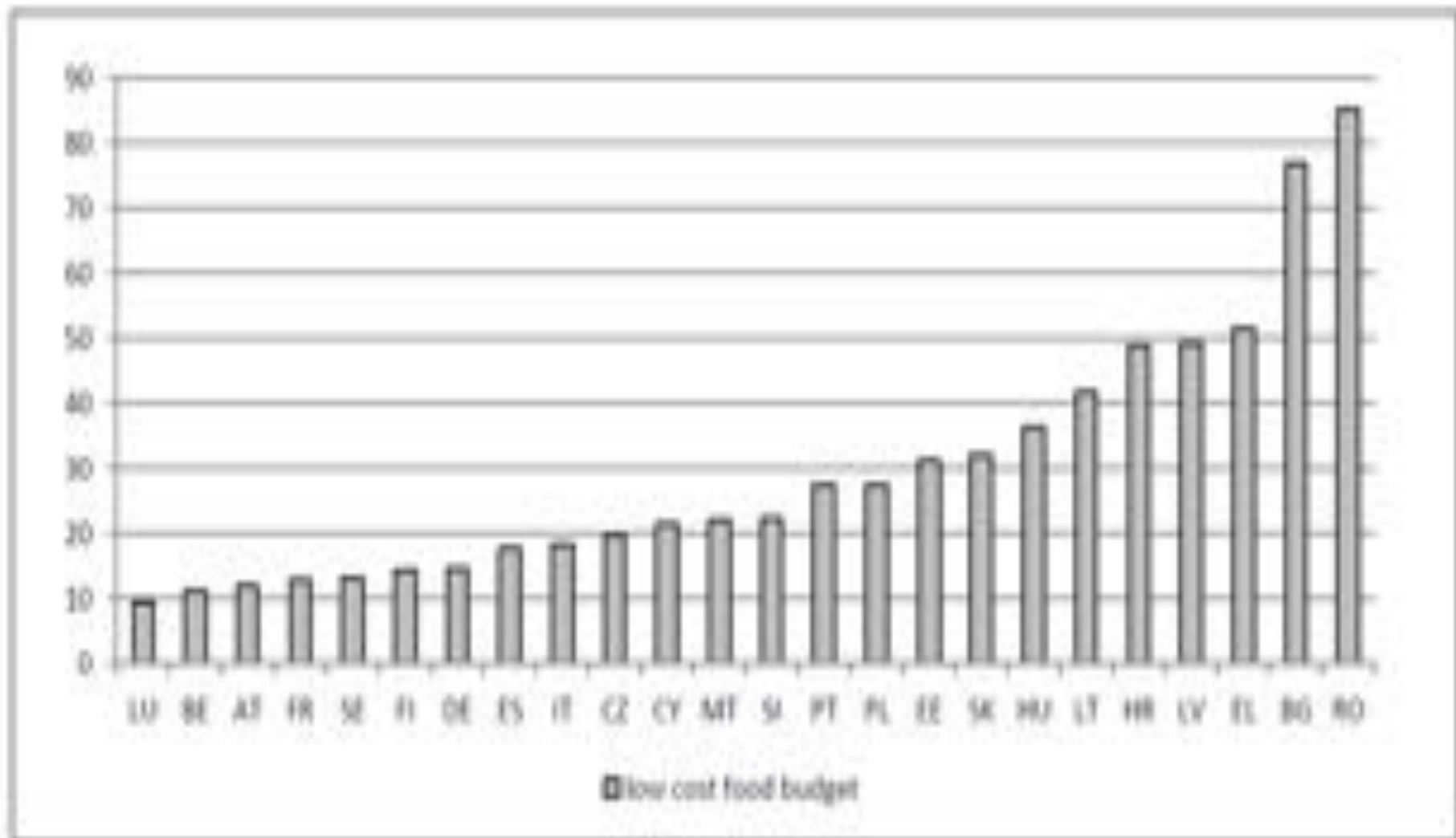
2. Context: Adequate?

Reference budgets a promising tool

- **Pilot project:** common methodology on reference budgets in Europe (EC 2013) – including overview in EU Member States
- **Ten baskets of goods and services** necessary to reach an acceptable standard of living and to participate in society: adequate housing, food, health care, personal care, clothing, mobility, leisure, rest, maintaining social relations, and safety in childhood
- **Method:** expert knowledge, statistics 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

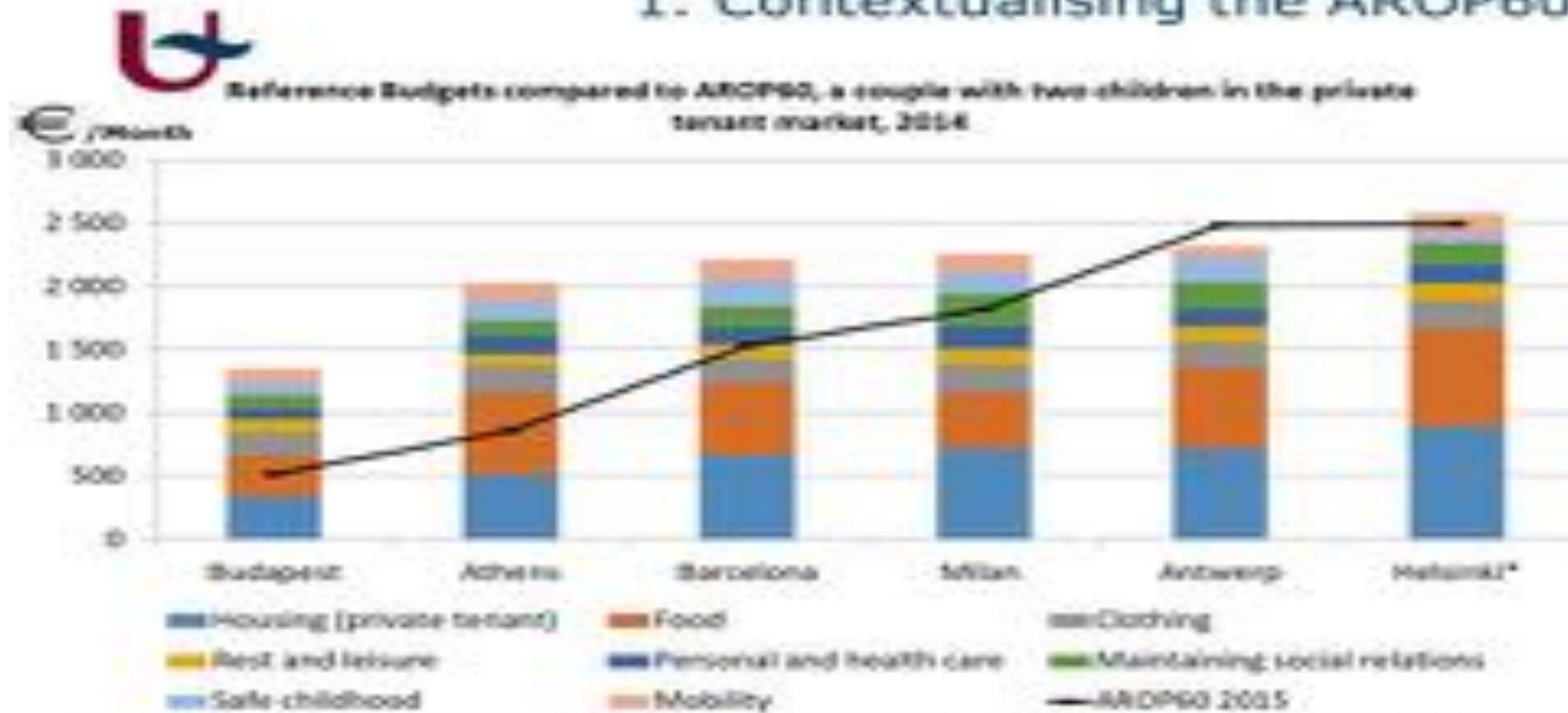
2. Context: Adequate? Reference Budgets

Price of food basket as % of AROP threshold – single person



2. Context: Adequate? Reference Budgets as % of AROP – couple 2 kids

1. Contextualising the AROP60



Goedemé, T., Penne, T., et al. (2017). What does it mean to live on the poverty threshold? Lessons from reference budget research. CSB Working Paper series.

2. Context: Adequate?

Reference budgets a promising tool

EMIN peer review on reference budgets, Antwerp 18-19 September

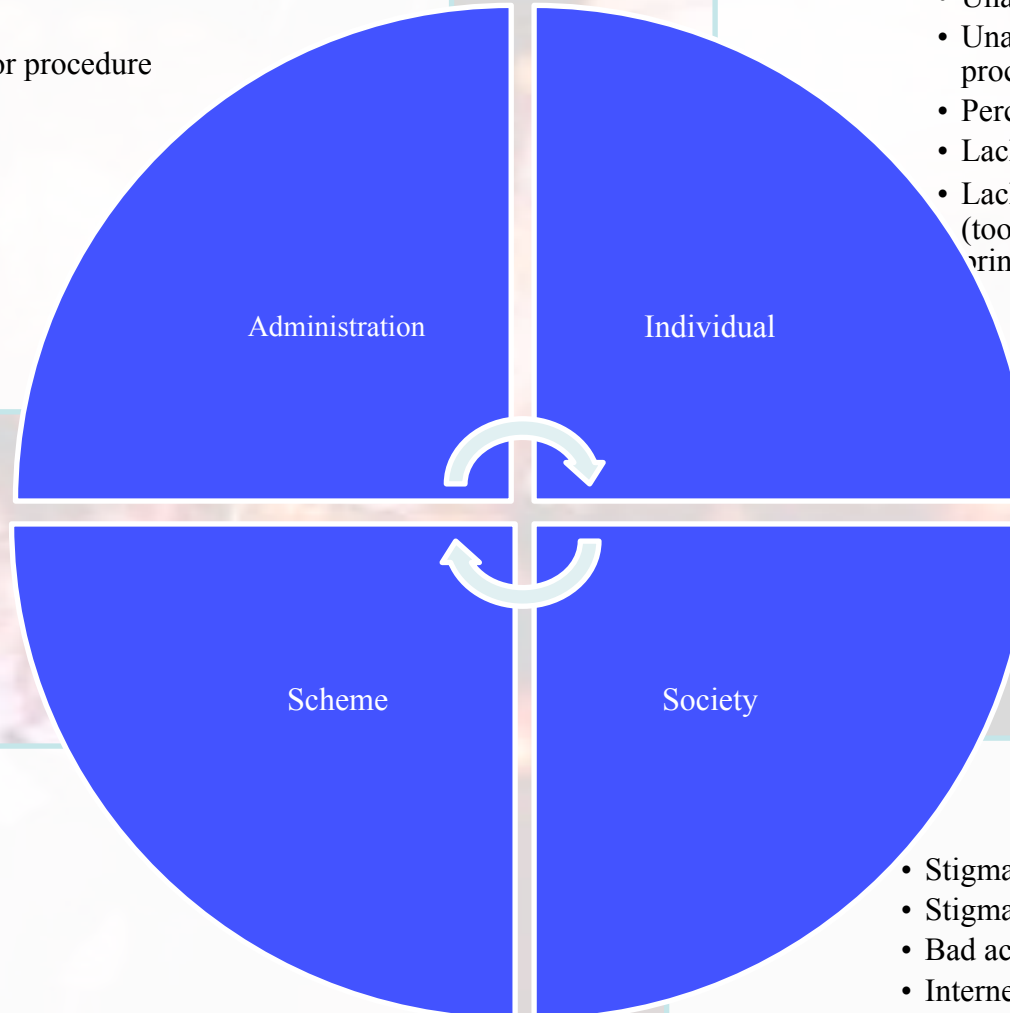
Recommendations:

- Reference budgets = an excellent tool for consensus on “what is needed to live a life in dignity”. They reflect well the cost of living
- Reference budgets bring the poverty threshold – 60% of median income – in an clear perspective
- Reference budgets must deal with the question ‘how to live a life’, not ‘how to stay alive’
- Reference budgets give a reference, they should never be prescriptive
- Reference budgets can be used to assess the adequacy of income, but also to make necessary goods and services more affordable

2. Context: *Accessible MIS? Reasons for non-take-up*

- Inaccessible procedure
- Complex procedure
- Erroneous assessment or procedure
- Resource-intensive
- Slow assessment
- Lack of staff

- Unawareness of benefit
- Unawareness of entitlement
- Unawareness of application procedure
- Perceived stigma
- Lack of time to apply
- Lack of interest in applying (too low, independence, principle)



- Complex
- Instable
- Stigmatising
- Small benefits
- Lack of dissemination

- Stigma of benefits
- Stigma of conditions
- Bad access to bank accounts
- Internet penetration
- Legal restrictions to connect databases

2. Context:

Accessible MIS: improve coverage and take-up

EMIN peer review on coverage and take-up, Helsinki 13-14 March

Recommendations:

- MI must be defined as a social right. Decent MIS ensure better take-up – benchmark should be 60% AROP
- Conditions to access should be strictly limited – means-testing should be reasonable and avoid refusals in case of home or car possession
- Ensure automatic granting of rights, improve cooperation between services
- Information campaigns toward potential beneficiaries, but also toward the broad public
- Work out convincing arguments for generalised take-up of MI for all who need it, to fight stigma

2. Context: Enabling? Improve the link with active inclusion

EMIN peer review on active inclusion, Madrid 20-21 September 2018

Recommendations:

- The 3 pillars of active inclusion – adequate MI, inclusive labour markets and access to quality services - must be developed in a coherent way
- Coordination between employment and social services must be seriously improved
- More investment in qualified personnel
- The trajectories must be personalised
- More coordination needed between different policy levels: national, regional, local
- Partnerships between all responsible stakeholders is key. NGOs play an important role. Importance of working with communities

3. 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
- 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

What do our supporters say?

- **European Parliament, Committee of Regions and European Economic and Social Committee, Social Platform, ETUC** : EU initiative/law on MI - at least 60% median income +timeline + examine EU funding

3. Policy context: Minimum income in the European Semester

European Pillar of Social Rights to be implemented through the 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: 13 countries received CSR on poverty - **6 countries on MIS**: 5 on adequacy (BG, HU, EE, LV, LT) – 3 on coverage (BG, HU, ES)
- 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

3. Policy context:

EU framework directive on adequate MIS

- We need **enforceable rights**: EU framework directive on right to decent MI
- Possible **Treaty base** (art 153, 1, h integration of persons excluded from labour market)
- Definition **adequacy** based on 60% median income + material deprivation – reference budgets method as test
- 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**

European Minimum Income journey: Bus Road Tour



European Minimum Income journey: Bus Road Tour

32 countries during 2 months, to raise awareness and public support for decent minimum income schemes

Several stop in countries, talk with politicians, administrations, officials, civil society organisations, the public

Good reasons why adequate Minimum Income schemes are good for people and for the society.

- People can remain **active in society**, reintegrate in **work** and **live in dignity**.
- **More equal societies** and social cohesion = beneficial for the whole of society.
- Very small % of social spending but **high return on investment**, as the money involved immediately re- enters the economy
- They are **cost effective economic stimulus packages**: Countries with high quality social protection systems resist better to negative impacts of crisis
- Positive role to help ensure decent wages and **reverse the destructive trend of rising numbers of 'working poor'** in Europe.

Bus Road Tour



A blog is developed for the bus trip: www.eminbus.eu
Please sign the petition!

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