



Minimum Income Schemes in Europe

**A study of national policies
2015**

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European Social Policy Network (ESPN)

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2015**

The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

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Preface

In 2008, the European Commission Recommendation on active inclusion¹ set out common principles and practical guidelines for a comprehensive strategy based on three integrated pillars: adequate income support, inclusive labour markets and access to quality services. This built on the 1992 Council Recommendation on common criteria on sufficient resources and social assistance in social protection systems, acknowledging the right of every person to such support². The 2013 European Commission's Social Investment Package³ again reiterated the importance of an active inclusion approach and within this stressed the importance of adequate minimum income support. It acknowledged that "most Member States have some sort of minimum income scheme" but went on to comment that "the adequacy of these schemes can, however, often be improved. The level should be high enough for a decent life and at the same time help people to be motivated and activated to work." It then stated that "the Commission will, as part of the European Semester, monitor the adequacy of income support and use for this purpose reference budgets once these have been developed together with the Member States". Since then, the Commission has commissioned work on reference budgets and there is an ongoing discussion on their use across the EU.⁴

In this context, the Commission asked ESPN national experts to prepare country reports highlighting and assessing the contribution of minimum income schemes to both preventing and alleviating poverty and social exclusion and fostering an active inclusion approach to promoting social investment. These reports are intended to be a contribution to the Commission's ongoing work related to the European Semester and to the monitoring of national efforts to implement the Recommendation on active inclusion and the Social Investment Package⁵. This Synthesis Report brings together the findings of the national reports written by each of the 35 ESPN Country Teams of independent experts⁶. It was prepared by Hugh Frazer and Eric Marlier of the ESPN's Management Team⁷, with helpful comments and suggestions from the ESPN Country Teams and from colleagues in the Network Coordinating Team⁸.

For the purposes of this report, and in line with the definition adopted in the previous (2009) EU study carried out by the EU Network of Independent Experts on Social Inclusion⁹, minimum income schemes are understood as being essentially **income**

¹ Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market (notified under document number C(2008) 5737). Available at:

<http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32008H0867>.

² Council Recommendation 92/441/EEC of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems. Available at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31992H0441:EN:HTML>.

³ Commission Communication on "Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020" (notified under document number C(2013) 083). Available at: <http://ec.europa.eu/social/BlobServlet?docId=9761&langId=en>.

See also: <http://ec.europa.eu/social/main.jsp?catId=1044>.

⁴ More information on reference budgets can be found on the Commission's website at <http://ec.europa.eu/social/main.jsp?catId=1092&intPageId=2312&langId=en>. Information on the European Reference Budgets Network can be found at <http://www.referencebudgets.eu/>.

⁵ The reports prepared by experts cover the period up to 1 October 2015. In a few countries, there have been significant changes in MI schemes since then but, except when otherwise stated in the text, more recent developments or changes in data have not been taken into account in this report.

⁶ For a presentation of the ESPN Network Core Team and the 35 ESPN Country Teams, see Annex 4.

⁷ Hugh Frazer is from Maynooth University (Ireland). Eric Marlier is from the Luxembourg Institute of Socio-Economic Research (LISER).

⁸ In particular thanks are due to Denis Bouget, Ramón Peña-Casas and Bart Vanhercke of the European Social Observatory.

⁹ This Synthesis Report builds on the previous in-depth analysis of minimum income schemes carried out in 2009 by one of the ESPN's predecessors, the EU Network of Independent Experts on Social Inclusion. See: Frazer, H. and Marlier, E. (2009), *Minimum income schemes across EU Member States - Key lessons*, Synthesis Report, Overview based on the national reports prepared by the EU Network of national independent experts on

support schemes for people of working age (whether in or out of work) which provide a means-tested safety net for those not eligible for social insurance payments or those whose entitlement to these payments has expired. They are in effect last resort schemes, which are intended to prevent destitution and to ensure a decent minimum standard of living for individuals and their dependants when they have no other or insufficient means of financial support.

The key questions that ESPN experts were asked to cover in their reports are the following:

- How sufficient are minimum income schemes in terms of adequacy, coverage and take-up¹⁰, and what improvements are required in these regards?
- How effective are minimum income schemes in protecting from and preventing poverty and social exclusion?
- To what extent are minimum income schemes effectively linked with other benefits and services so as to support recipients' inclusion into the labour market (sustainable work) and what improvements are needed in this regard?

To assist ESPN experts in making their assessments, data were compiled which provide a comparison of minimum income schemes in many European countries using MIPI data (see Annex 2).¹¹

In producing a Synthesis Report, it is only possible to illustrate points made with a limited number of examples. However, where we find that a similar point is made by other experts and we think this would be useful we indicate this in a bracket listing the relevant countries so that readers can examine the individual country reports for more information. In producing their reports, experts cite many different sources in support of their analysis. References to these sources are not included in this Synthesis Report. Readers wishing to follow up the original sources are again invited to consult the individual experts' reports.

social inclusion, Brussels: European Commission. This report as well as the national reports it is based on are available at: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>.

¹⁰ *Adequacy* refers to the extent to which the level of benefit provides people with sufficient resources to ensure "a standard of living adequate for the(ir) health and well-being" (see Article 25, 1948 UN Universal Declaration on Human Rights) and "lead a life that is compatible with human dignity" (see Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market and Council Recommendation of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems). *Coverage* refers to the extent to which all those in need of support are covered by the eligibility conditions pertaining to a minimum income scheme. *Take-up* refers to the extent to which those who are eligible to receive a minimum income benefit actually do receive it.

¹¹ MIPI (Minimum Income Protection Indicators) is a model family data base of the tax and benefit systems in many European countries. The data were kindly compiled for ESPN by Jonathan Bradshaw (ESPN coordinator UK) and Sarah Marchal (CSB, University of Antwerp). Not all countries covered in this report are covered by the MIPI data. For countries not covered experts have, when possible, used national data. For instance, results for the same household types have been calculated by the ESPN Croatian Team and can be found in their national report available from the ESPN web-page.

Summary, Conclusions and Recommendations

Summary

Most of the 35 countries covered by this report have minimum income (MI) schemes or related types of non-contributory means-tested schemes for people of working age which are in effect schemes of last resort to prevent destitution and ensure a minimum standard of living. However, Greece currently only has a pilot scheme, in Italy schemes are limited to certain regions and Turkey does not have a minimum income or similar scheme.

The characteristics of schemes vary widely and five main types can be identified though the boundaries between these categories are inevitably rather fluid:

- a) simple and comprehensive schemes¹² open to all with insufficient means to support themselves (BE, CH, CY, CZ, DK, EE, ES [Basque country]¹³, FI [Basic Social Assistance]¹⁴, IS, IT [Bolzano, Friuli Venezia Giulia, Molise, Sardegna, Valle d'Aosta]¹⁵, LI, LU, NL, NO, SE, SI, SK);¹⁶
- b) simple and non-categorical¹⁷ schemes but with rather restricted eligibility and coverage (AT, EL, ES [Asturias, Cantabria, Castile-Leon, Navarre, Rioja], HR, HU, LT, PT, RS);
- c) general schemes of last resort with additional categorical benefits which cover most people in need of support (DE, FI [Additional Social Assistance], IT [Basilicata, New Social Card, Puglia, Sicilia, Trento], LV, MK, PL, UK);
- d) complex networks of different, often categorical and sometimes overlapping schemes which cover most people in need of support (FR, IE, MT, RO); and
- e) very limited, partial or piecemeal schemes which are restricted to narrow categories of people and fail to cover many of those in need of support (BG).

As can be seen from the table presented in Annex 1, which summarises the ESPN experts' assessment of their countries' minimum income scheme(s), in terms of the generosity of MI benefits to ensure a decent life, only a few schemes (CH, CY, IS, LI, NL) achieve a largely adequate level of income support. A significant number fall somewhat short of an adequate level of support (AT, BE, DK, CZ, ES, FI, IE, IT [Bolzano, Trento], LT, LU, MT, NO, PL, SE, SI, UK) and in fourteen countries (BG, DE, EE, EL, FR, HR, HU, IT

¹² Simple and comprehensive schemes are ones that cover all people in need of support and are not confined to particular categories of people.

¹³ In Spain, a nation-wide minimum income does not exist, but there are a series of regional minimum income schemes that cover all the regions. In this report, when a point applies only to some of the schemes we have included which schemes are being referred to in a bracket after ES. When a point applies to all schemes we have just referred to ES without adding a bracket.

¹⁴ The Finnish report covers three schemes: Basic social assistance (BSA), Additional social assistance (ASA) and Preventive social assistance (PSA). Where only one of these schemes is referred to this is indicated each time in a bracket after FI.

¹⁵ In Italy, a nation-wide minimum income does not exist, but there are ten different means-tested social assistance schemes approximating MI schemes criteria and operating at a sub-national level. Nine of them originated from seven regional laws (Basilicata, Friuli Venezia Giulia, Molise, Puglia, Sardegna, Sicilia and Valle d'Aosta) and two provincial laws (in the autonomous provinces of Trento and Bolzano, which constitute the Trentino Alto Adige region). These nine MI schemes are managed by the concerned regional/provincial governments, i.e. in 8 out of the 20 Italian regions. The 10th MI scheme is the New Social Card. This is a pilot scheme, originated from a national law, but specifically implemented in only 12 municipalities and, in close collaboration with them, delivered by the National Institute of Social Insurance. In this Synthesis Report, when a point applies only to some of the ten schemes we have included which schemes are being referred to in a bracket after IT. When a point applies to all ten schemes we have just referred to IT without adding a bracket.

¹⁶ For the countries' official abbreviations used in this report, see Annex 5.

¹⁷ Non-categorical schemes are schemes that are not confined to particular categories of people in need of support (e.g. lone parents).

[Basilicata, Friuli Venezia Giulia, Molise, New Social Card, Puglia, Sardegna, Sicilia, Valle d'Aosta], LV, MK, PT, RO, RS, SK) the level is very inadequate. Trends on adequacy vary across countries since the aforementioned 2009 EU study: ESPN experts' assessments are that there are positive developments in ten countries (AT, CY, EE, FI, HR, IS, MT, PL, RS, SI) but negatives ones in six countries (BE, DK, HU, NO, SE, UK).

As regards coverage of those in need of support, more than half of the countries studied provide fairly comprehensive coverage. However, in some nine countries/ regions (AT, ES [Basque country], HU, IT [Bolzano/Trento], LT, MK, PL, RS, UK) restrictive eligibility conditions mean that coverage is partial and in eight (BG, EL, ES, HR, IT [Basilicata, Friuli Venezia Giulia, Molise, New Social Card, Puglia, Sardegna, Sicilia, Valle d'Aosta], LV, PT, RO) it is very limited. Since 2009, coverage has improved in eight countries (AT, BE, CY, FI, LU, MT, RS, SI) but deteriorated in seven (DK, FR, HU, MK, PT, RO, UK).

It is difficult to establish the extent of take-up of MI schemes due to lack of monitoring and research in many countries. However, in many countries it is quite problematic and non-take-up is not receiving sufficient attention. In only eight countries (BG, DK, EE, IE, IS, MT, NL, SK) is take-up fairly complete whereas in the majority it is partial and in some (ES [except Basque country], HR) quite limited. A positive evolution is apparent in six countries (AT, BG, FI, IS, MT, RS) but negative in six (BE, CY, HU, RO, SI, SK).

Given the problems with adequacy of payments and the fact that in most countries the levels of MI benefits fall below the at-risk-of-poverty (AROP) threshold¹⁸, and in many cases far below, it is not surprising that the impact of MI schemes on poverty reduction (i.e. on reducing the number of people below the AROP threshold) is quite limited. The impact is strong in only four countries (IE, IS, NL, UK). It is very limited in fourteen countries (AT, BG, CY, DE, EE, EL, ES [except Basque country], FR, LV, MK, PL, PT, RO, SK). Also, it is concerning that the impact has increased in only five countries (AT, EE, MT, PL, SI) while it has got worse in eleven (BE, BG, CZ, DK, ES, HU, LT, NO, RO, SE, UK) since 2009. In many countries, the generosity and coverage of minimum income schemes seems to have been reduced as a result of financial retrenchment in recent years.

The picture is somewhat more positive when assessing the impact of MI schemes on reducing the depth of poverty, i.e. bringing people closer to the AROP threshold but not above it and thus reducing the severity of people's poverty without lifting them out of poverty. Here, the number of countries where there is a strong impact rises to nine (AT, BE, CY, IE, IS, LI, LU, PT, UK). However, it is still very limited in seven countries (ES, LT, LV, HU, MK, PL, SK). Also, the trend is negative in more countries (9) than it is positive (6).

A key emphasis in Commission policy has been that MI schemes should be strengthened in the context of an active inclusion approach – i.e. there should be strong links between the development of inclusive labour market policies, access to high quality services and adequate minimum income schemes so that they are mutually reinforcing and help to integrate people of working age into society and the labour market. In nearly half of the countries studied there is a clear tendency to increase the emphasis on developing active labour market policies (ALMP) for people on MI schemes. However, too often these are not linked to also ensuring access to enabling services and to the development of a tailored approach. Thus, it is not surprising that the links between MI schemes and ALMP measures are only mediumly¹⁹ effective in the majority of countries and are still very weak in six (BG, EL, ES, LT, RO, RS). The two main ways in which links between MI schemes and ALMP support have been strengthened are a greater emphasis on: participation in ALMP support as a condition of continued receipt of MI (and, as a

¹⁸ The at-risk-of-poverty threshold used here is the one agreed upon at EU level. It is calculated separately for each country and is set at 60% of the median of the total national household equivalised income.

¹⁹ Throughout this report the word "mediumly" is as defined in the Oxford dictionaries and means "moderately; to a medium or average extent".

corollary, increased conditionality and use of sanctions); and registration with public employment services and/or signing of integration contracts. However, in many countries key barriers to developing effective²⁰ links include lack of capacity, skills and resources in public employment services and social assistance institutions, lack of coordination and cooperation between services, and a tendency to prioritise different groups in need of support who may be easier to reintegrate into the labour market (e.g. young people). The rather limited links between ALMPs and MI schemes in many countries is compounded by a general lack of assessment studies about the effectiveness of ALMP for MI beneficiaries.

In several countries, there is an issue of long-term dependency on MI schemes, particularly amongst certain groups which provides a particular challenge for an active inclusion approach. Factors like poor health, low education and qualifications, dependent children and lack of affordable child care make it more difficult for people to find and take up employment and increase the risk of long-term dependency. The lack of suitable good quality and decently paid employment opportunities also contributes to long-term dependency on MI schemes, particularly if the only alternatives are low paid and insecure jobs. Inactivity traps resulting from high marginal effective tax rate in case of earning income from the labour market can be a disincentive to taking up employment. In some countries, significant levels of involvement in the informal labour market are also a factor. In many countries, these are being tackled by a combination of measures. Some countries provide in-work benefits so that take-home income is increased by supplementing earned income with benefits. The partial disregard of earnings from means testing (sometimes for a fixed period) and the tapered withdrawal of benefits as income from work increases are also used to help people move from benefits into work as is the continuation of all or a percentage of MI benefits for a fixed period.

As regards access to good quality enabling services, experts signal improvements since 2009 in only seven countries. Links between services and MI recipients are very effective in four countries (DK, IS, NO, SI) and mediumly effective in many others. However, they are still very ineffective in eight countries (BG, DE, EL, ES, HR, HU, PL, RO). Progress has been hindered in many countries as financial consolidation measures have impacted negatively on services like housing, health, education and child care and their ability to reach to the most vulnerable. Key challenges that need to be addressed in many countries are: improving coordination and integrated planning between services, developing a one-stop-shop approach for clients, and enhancing the capacity of and resources available to services so as to increase accessibility and quality.

When comparing the five different types of schemes outlined above and their effectiveness the picture is somewhat uneven. Overall, it seems that those countries with “simple and comprehensive schemes open to all with insufficient means to support themselves” are somewhat more likely to have schemes with adequate levels of MI benefits than is the case for other categories of MI schemes. Most countries in this category achieve fairly comprehensive coverage of people in need and just under a third have fairly complete take-up while just over two-thirds only achieve partial take-up. However, countries with “complex networks of different, often categorical and sometimes overlapping schemes which cover most people in need of support” also perform well on coverage: three of the four countries in this category achieve fairly comprehensive coverage (and two of them register “fairly complete” take-up). When it comes to having a strong impact on reducing the at-risk-of-poverty rate or the depth of poverty there is no clear-cut picture as to which types of scheme are most effective. It depends more on the particular details and generosity of each national (or regional) scheme. Interestingly, countries with “simple and comprehensive schemes open to all with insufficient means to support themselves” are the most likely to develop very effective links between MI schemes and access to adequate services. The same correlation is not evident between MI schemes and ALMP measures.

²⁰ Throughout the report “effective” means producing the result that is wanted and having the intended effect.

Conclusions

Minimum income schemes across Europe play a vital role in alleviating the worst impacts of poverty and social exclusion in many countries. However, in many countries their contribution is still much too limited and progress since 2009 has been disappointing. Often the lack of adequate payments coupled with limited coverage and poor take-up due *inter alia* to poor administration, inadequate access to information, excessive bureaucracy and stigmatisation means that they fall very far short of ensuring a decent life for the most vulnerable in society. While there have been some improvements in developing an active inclusion approach, too often this is too narrowly focussed just on employment measures and on increasing conditionality and sanctions. In many countries, there is still not sufficient emphasis on developing an integrated and tailored approach to supporting those receiving benefits and to help them to integrate into society and, as far as is possible, into the labour market.

The adequacy and effectiveness of MI schemes are one of the fundamental building blocks of ensuring a truly Social Europe and they are a key investment in building a stronger society and economy. The objective of the current Commission to ensure a “triple-A” social rating for Europe²¹ could benefit from strengthening the adequacy and effectiveness of MI schemes within an overall active inclusion approach.

Recommendations

The right to adequate resources is a fundamental human right and needs to be effectively guaranteed to all. It is critical to ensure that people can live in dignity and participate fully in society and the economy. It is thus important that this right is fully recognised and made visible in EU policy making. Ensuring high quality universal social protection systems which include within them effective and adequate MI schemes that proactively detect needs and are committed to the respectful treatment of claimants is a key way that this right can be made real. Thus, given the weaknesses identified in this report and the slow progress that has been made since 2009, and building on the ESPN independent experts’ assessments, we make the following recommendations²². We hope that this Synthesis Report and its recommendations, together with the 35 country reports prepared by ESPN experts, can contribute to ensuring that progress is made in strengthening MI schemes across Europe.

Putting universal social protection and an adequate income for all at the centre of EU policy making, especially the Europe 2020 strategy and the European Semester

1. Adequate and effective social protection systems are the bedrock of a truly Social Europe within which MI schemes are a safety net of last resort to ensure that no one falls below an adequate minimum income. Thus, in establishing benchmarks and minimum standards for a triple-A Social Europe, the European Commission and Member States should agree on a set of common principles, definitions and methods for an adequate MI to be achieved in all Member States²³. Then, to cement the role of MI schemes within universal social protection systems and at the heart of EU and national policy making, and in line with the European Parliament’s 2011 *Resolution on*

²¹ See the June 2015 Five Presidents’ Report, *Completing Europe’s Economic and Monetary Union*. Available at: http://ec.europa.eu/priorities/economic-monetary-union/five-presidents-report/index_en.htm.

²² Many of the following recommendations were also made in our 2009 report for the EU Network of Independent Experts on Social Inclusion and remain as valid today. See: Frazer, H. and Marlier, E. (2009), *Minimum income schemes across EU Member States - Key lessons*, Synthesis Report, Overview based on the national reports prepared by the EU Network of national independent experts on social inclusion, Brussels: European Commission. Available at: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>.

²³ The recent work on reference budgets provides the basis for the European Commission and Member States to agree on common criteria for establishing what constitutes an adequate minimum income to lift people out of poverty and to lead a decent life compatible with human dignity.

the European Platform against poverty and social exclusion, consideration should be given to an EU legislative initiative in this field²⁴.

2. Given the key role that MI schemes can play in achieving the Europe 2020 target of reducing poverty or social exclusion by at least 20 million by 2020, the improvement of the adequacy and effectiveness of MI schemes should continue to be a core message of each Annual Growth Survey and a priority issue for Member States' annual reporting. MI schemes should continue to be a central element in the European Commission's monitoring and reporting on the European Semester. In particular, there should be regular monitoring of the adequacy of MI payments and their impact on reducing poverty. Making improvements in MI schemes should continue to be a key priority for Country Specific Recommendations to those Member States with weak schemes or still without schemes covering the whole country. It should also be a central element in the European Commission's monitoring and reporting on programmes imposed on EU Member States in difficulty in the context of the European financial assistance mechanisms.

Providing for regular uprating

3. All countries which do not already have a transparent and effective mechanism for uprating the value of their MI schemes on an annual basis should consider putting one in place. This mechanism ought to ensure that MI schemes keep in line both with inflation and rises in standards of living.

Increasing coverage

4. To increase coverage by minimum income schemes of people in need of support:
 - a. those countries with very complex and fragmented systems should consider simplifying these and developing more comprehensive systems;
 - b. countries with currently low levels of coverage should review their conditions to ensure that all people in need are covered;
 - c. those countries whose MI schemes currently exclude significant groups experiencing poverty such as homeless people, refugees, asylum seekers, undocumented migrants, Roma, young people (18+), should consider amending their schemes to better cover them;
 - d. countries with high levels of administrative discretion in their core MI systems should aim to reduce this and ensure that there are clear and consistent criteria for making decisions linked to an effective appeals process.

²⁴ In this Resolution, the European Parliament calls on the European Commission to launch a "consultation on the possibility of a legislative initiative concerning a sensible minimum income which will allow economic growth, prevent poverty and serve as a basis for people to live in dignity". One such possibility for a legislative initiative is a Framework Directive. In our earlier 2009 Synthesis Report on MI schemes for the EU Network of Independent Experts on Social Inclusion (Op. Cit.), we already suggested that consideration should be given to adopting an EU Framework Directive on the adequacy of MI schemes. We are still strongly of the view that this is potentially one of the best options for a legislative initiative. Further work on this option has been undertaken since our 2009 report by several institutions and organisations who have recommended the introduction of a Framework Directive on MI. These include the European Anti-Poverty Network (EAPN) in 2010, the EU Committee of the Regions in 2011, the European Economic and Social Committee in 2013, the European "Social Platform" in 2014 and the European Minimum Income Network (EMIN) in 2015. In February 2016, a report for the Jacques Delors Institute argued that "a European common framework to improve on minimum income protection would give substance to the discourse on the 'Triple A Social Rating'" (Rinaldi, D. (2016), "A new start for Social Europe", Studies & Reports, No. 108, Brussels: The Jacques Delors Institute). However, up to now the Commission's view has been that the EU has no competence to adopt a Directive establishing an EU regulatory framework on MI. As MI schemes aim at combating poverty and social exclusion, they fall in the remit of Article 153(1)(j) of the Treaty on the Functioning of the European Union (TFEU) and therefore the legal basis for the adoption of measures in this field is Article 153(2)(a) TFEU, which only allows for the adoption of "measures designed to encourage cooperation between Member States through initiatives aimed at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches and evaluating experiences, excluding any harmonisation of the laws and regulations of the Member States".

Reducing non-take-up

5. All countries which do not already do so should consider putting in place arrangements to monitor levels of non-take-up and analyse the reasons for this; they should also consider introducing strategies to reduce non-take-up and regularly analyse and monitor the effectiveness of these strategies and make the results of this analysis and monitoring publicly available.

Tackling disincentives

6. The European Commission and the Social Protection Committee should research and promote effective ways of addressing the dual challenge of ensuring that: a) MI schemes are efficient in removing disincentives to take up work and in ensuring that those in work have incomes that lift them out of poverty; and b) the adequacy of MI schemes is guaranteed. This is essential to avoid some people being left outside the system.

Promoting an “active inclusion” approach²⁵

7. To better promote an active inclusion approach:
 - a. Countries lagging behind should put in place a more systematic approach to targeting active labour market measures at recipients of MI schemes and to giving them a right to participate in activation measures and to developing more personalised and comprehensive systems of support. The provision of quality supporting services should be considered at least as important as the use of financial incentives and sanctions.
 - b. Those countries who are not already doing so should consider giving specific attention to ensuring that recipients of MI schemes have access to quality services; they should also consider best ways of closely monitoring progress in this area.
 - c. Countries that have not already done so should put in place effective arrangements for coordinating the efforts of agencies responsible for delivering MI schemes, active labour market measures and enabling services and especially for improving cooperation between public employment and social assistance agencies. In doing so, they should foster one-stop-shop/single point of contact arrangements for MI recipients.
 - d. Countries should be encouraged to develop assessment tools for evaluating the effectiveness of measures intended to help MI recipients to access employment.

Enhancing exchange of learning and good practice

8. The European Commission and the Social Protection Committee could usefully document and disseminate examples of successful strategies and promote peer reviews and other methods of exchanging good practice on MI schemes. These could focus on key issues such as ensuring regular uprating, improving coverage and take-up, addressing disincentives, enhancing links between MI schemes, active labour measures, access to quality services as well as developing coordinated, single point of contact approaches at local level.

²⁵ For more detailed recommendations for fostering an active inclusion approach, see also ESPN's recommendations on the reintegration of the long-term unemployed in: Bouget, D., Frazer, H. and Marlier, E. (2015), *Integrated Support for the Long-Term Unemployed: A study of national policies*, European Social Policy Network (ESPN), Brussels: European Commission. Available at: <http://ec.europa.eu/social/keyDocuments.jsp?advSearchKey=ESPNTU&mode=advancedSubmit&langId=en&search.x=0&search.y=0>.

1 Overview of main features of minimum income schemes

1.1 Governance arrangements

1.1.1 Policy

In most countries, policy decisions about MI schemes are made at national level. However, in a few cases decisions are made jointly at national and regional/local level and in a few cases decisions are made exclusively or almost exclusively at regional or local level (see Table 1).

Table 1: Level of governance at which policy decisions are made about MI schemes

Exclusively or almost exclusively national	National and regional/local jointly	Exclusively or almost exclusively regional/local
BE BG CY CZ DE DK EE EL FI (BSA from 2017*) FR HR HU IE LI LU LV MK MT NL PL PT RO RS SI SK UK	AT FI (BSA, ASA*) IT (NSC**) LT NO SE	CH ES FI (PSA*) IS (with recommendation from Ministry of Welfare) IT (BA/BZ/FG/MO/PU/SA/SI/TN/VA**)

* Acronyms for relevant MI schemes in Finland: BSA (Basic Social Assistance), ASA (Additional Social Assistance) and PSA (Preventive Social Assistance).²⁶

** Italy does not have a single national MI scheme but there are means-tested social assistance schemes approximating MI schemes criteria in a number of regions and municipalities. Acronyms are as follows: BA (Basilicata); BZ (Bolzano); FG (Friuli Venezia Giulia); MO (Molise); NSC (New Social Card); PU (Puglia); SA (Sardegna); SI (Sicilia); TN (Trento); VA (Valle d'Aosta). As explained above, the NSC is a pilot scheme that originates from a national law and is currently implemented in 12 municipalities and, in close collaboration with them, delivered by the National Institute of Social Insurance.

Note: Turkey does not have a MI scheme but a number of regular and irregular social assistance programmes providing low amounts (e.g. to poor elderly people lacking social security coverage, disabled in need and widowed women) and some discretionary and in-kind transfers.²⁷ Thus, TR is not included in this and subsequent tables (Tables 2-9).

1.1.2 Delivery

In slightly over half of countries, responsibility for delivery of MI benefits is devolved to the regional or local level and in about a third of countries responsibility is shared between the national and regional/local levels. However, in a few countries responsibility remains at the national level (see Table 2).

Table 2: Level of governance responsible for delivery of MI benefits

Exclusively or almost exclusively national	National and regional/local jointly	Exclusively or almost exclusively regional/local
CY FI (BSA from 2017*) HR LI MK MT	BG DE EL FI (BSA, ASA*) FR HU IE IT (NSC**) LU RS SK UK	AT BE CH CZ*** DK EE ES FI (PSA*) IS IT (BA/BZ/FG/MO/PU/SA/SI/TN/VA**) LT LV NL NO PL PT RO SE SI

* and ** Acronyms relevant for Finland and Italy: see Table 1.

*** Delivery of benefits in CZ is done by regional sections and local contact points of the Employment Office (national body). In this sense, it is regional/local but municipalities are not involved.

²⁶ BSA covers *inter alia* expenses for food, clothing, minor healthcare, personal cleanliness and cleanliness of home expenses, local transport, magazine subscriptions, TV licenses, phone, leisure and recreational activities, necessary housing expenses (rent, water, heating, electricity, home insurance...). ASA includes specific expenditure, such as childcare expenses, extra cost of housing, costs for special needs or circumstances (severe illness, as well as costs for children's hobbies). Criteria for PSA are defined by individual municipalities. Its purpose is to promote individual and family-independent living and prevent social exclusion. PSA can be granted, for example, to handle over-indebtedness or to mitigate the difficulties caused by a sudden deterioration in the economic situation).

²⁷ Efforts are ongoing to restructure income support mechanisms and possibly introduce a MI scheme.

1.2 Types of minimum income schemes and eligibility conditions

1.2.1 Main types of MI schemes

MI schemes covered in this report can be divided into five main types though the boundaries between these categories are inevitably rather fluid: a) simple and comprehensive schemes open to all with insufficient means to support themselves; b) simple and non-categorical schemes but with rather restricted eligibility and coverage; c) general schemes of last resort with additional categorical benefits which cover most people in need of support; d) complex networks of different, often categorical and sometimes overlapping schemes which cover most people in need of support; and e) very limited, partial or piecemeal schemes which are restricted to narrow categories of people and fail to cover many of those in need of support. The most common categorical schemes are schemes that cover long-term sickness or disability and unemployment. Others include lone-parenthood and caring responsibilities. As can be seen from Table 3 below, simple and comprehensive schemes are the most common. These are schemes that cover all people in need of support and are not confined to particular categories of people.

Table 3: Overall characteristics of a country's MI scheme

Simple and comprehensive scheme open to all with insufficient means to support themselves	Simple and non-categorical scheme but with rather restricted eligibility and coverage	General scheme of last resort with additional categorical benefits which cover most people in need of support	Complex network of different, often categorical schemes and sometimes overlapping schemes which cover most people in need of support	Very limited, partial or piecemeal schemes which are restricted to narrow categories of people and fail to cover many of those in need of support
BE CH CY CZ DK EE ES (Basque country*) FI (BSA***) IS IT (BZ/FG/MO/SA/VA**) LI LU NL NO SE SI SK	AT EL**** ES (Asturias, Cantabria, Castile-Leon, Navarre, Rioja*) HR HU LT PT RS	DE**** FI (BSA***) IT (BA/NSC/PU/SI/TN**) LV MK PL UK	FR IE MT RO	BG

* Spain does not have a single national MI scheme but a series of different regional schemes with varied characteristics. Thus, in this and other tables, ES is followed by a bracket indicating which regions are referred to.

** and *** Acronyms relevant for Finland and Italy: see Table 1.

**** Greece only has a pilot MI scheme which is being implemented in 13 municipalities since November 2014 and is currently being evaluated.

**** In Germany, the traditional general scheme has been transformed in the last decade. It is now a complex and differentiated system of categorical schemes, which are clearly defined and do not overlap in coverage, and which cover in principle (but not in practice) all people in need of support.

1.2.2 Eligibility conditions

The most common types of eligibility conditions relate to: lack of financial resources, not having assets above a certain limit, nationality/citizenship and/or residence, willingness to work (unless prevented on health grounds), age (e.g. 18+ or 25+)²⁸ and having exhausted rights to any other (social) benefits.

²⁸ For more detail on age limits for receiving MI benefits, see Annex 3.

1.3 Rights based benefits and discretionary benefits

In most countries, payments are paid on either a strictly rights basis (i.e. on the basis of strict criteria set out in legislation) or on a predominantly rights basis with some discretionary elements. However, in a few countries there are substantial discretionary elements (see Table 4). For instance, in Lithuania local authorities can use their discretion when making decisions concerning an individual applicant. They have the right to channel planned but unused allocations for Social Assistance Benefit (SAB) to other purposes such as financing of some social services and development of social infrastructure in the communities. This provides strong financial incentives for local governments to reduce expenditures on SAB. In Norway and Iceland, the national framework legislation on social assistance offers only very vague directions as to the level of benefits and eligibility criteria, leaving a large room of manoeuvre for municipal policy guidelines and discretion at the hands of individual case workers. In most regions of Spain, the lack of precision in the definition of the mechanisms to materialise the rights and obligations of potential MI schemes' beneficiaries, as well as in the reasons that are supposed to regulate the suspension or exclusion of a person from these programmes seem to be leaving a wide margin for bureaucratic discretion and subjective decision making.

However, in most countries where there is an element of discretion this is most often used when there is provision for additional or supplementary and often one-off payments in exceptional circumstances. For instance, in Denmark and Iceland discretionary benefits can be granted to take care of extraordinary costs like dental care, glasses, a new refrigerator or TV. In Poland, benefit for necessities is a one-off emergency payment intended to cover (fully or in part) household expenses on food, medicines and medical treatment, fuel, clothes, small flat repairs, funeral etc. and remains discretionary. In Romania, in addition to the mainstream MI schemes, there are a series of emergency income support aids, granted discretionarily, especially to those already benefiting from other MI, in order to cope with unexpected situations (sudden loss of income/ earning capacity, loss of housing, consequences of natural calamities, health issues, death of a partner etc.). In Slovenia, discretion is widely used in the allocation of extraordinary cash social assistance, which complements the cash social assistance.

Table 4: The extent to which payments are paid on a rights basis (i.e. fixed criteria) or on a discretionary basis

Strictly rights based	Predominantly rights basis but with some discretionary elements	Substantial discretionary elements
EE EL ES (Basque country) FI (BSA*) FR IT (all 10 schemes**) LI LU RO SK	AT BE CH CY CZ DE DK ES (all except Basque Country) FI (ASA*) HR IS LV MK MT NL PL PT RS SE SI UK	BG FI (PSA*) HU IE LT NO

* Acronyms relevant for Finland: see Table 1.

** For the 10 Italian schemes: see Table 1.

1.4 Mechanisms for establishing levels of benefits and uprating

The majority of countries have a clear mechanism for establishing the level of payments which is based on a set of clearly specified indicators (see Table 5) and normally takes account of household composition. The most common approach is related to establishing minimum living standards (e.g. through prices, basket of goods, the absolute poverty line, reference budgets). Some other methods are also used. For instance, in Switzerland recommended benefits aim to reflect the disposable income of the 10% poorest households. In Germany, the benefit level is deduced from the expenditures of lower-income groups, measured every five years by means of the Income and Consumption Sample. In Finland, Basic Social Assistance benefits are tied to the cost of

living index but the level is decided by the Parliament. Every 4th year, an evaluation suggests what changes might be considered but this does not necessarily lead to a change in the levels of benefits - i.e., the levels are not automatically adjusted on the basis of the evaluation. It is up to politicians to decide if there should be a "level increase" in addition to automatic increases due to changes in cost of living index. In Luxembourg, the level of the Luxembourg MI scheme was initially established by law, taking into account (but not formally linked to) the level of other existing social protection minima, such as the minimum wage, unemployment benefits and minimum pension. In Portugal, the amount for the Social Integration Income (RSI) is defined by an Order issued by the Ministry of Solidarity and Social Security and corresponds to a percentage of the Social Support Index. In Spain, most regions establish MI benefits as a percentage of the IPREM ("Indicador Público de Renta de Efectos Múltiples" [Public Indicator of Income for Multiple Purposes]), which is an indicator created in 2004 with the objective of being used as an income reference for a multiplicity of social protection programmes. It is supposed to be annually indexed on the annual State budget, although it has been frozen since 2010. In Italy, all 10 MI schemes use different household income thresholds are applied based on the number of household components. Six MI schemes use the national means-testing system (ISEE, index of equivalised economic situation), which serves to deliver several social benefits (e.g. exemption from costs or reduction in fees on health services, crèches and childcare facilities, school books, home rent, etc.). Other MI schemes use regional/ provincial indicators of economic situations (Trento and Val d'Aosta), a monthly budget to meet basic needs (Bolzano) and the monthly amount of the old age social allowance (Sicilia).

Table 5: Mechanisms for establishing level of payments

Countries in which there is a mechanism for establishing the level of payments which is based on a (set of) clearly specified indicator(s). The mechanism can be based on:				Countries where there is no clear mechanism and the level of benefits is set (mainly) on a subjective or arbitrary basis
Median/Mean income or proportion of it (e.g. national relative poverty line)	Living standards (prices, absolute poverty line, basket of goods...)	Minimum wage	Other	
IT (BA/FG/MO/NSC/PU/SA/SI/TN/VA**)	CY CZ FI (every 4 th year) IS IT (BZ**) LI MT PL SE SI	ES (Andalusia, Navarre, Basque Country, Melilla) FR NL	CH DE ES (most regions) FI (BSA*) LU PT RS UK	AT BE BG DK (but benefit level not set discretionarily) EE EL FR HR HU IE LT LV*** MK NO RO**** SK

* and ** Acronyms relevant for Finland and Italy: see Table 1.

*** Latvia is planning to establish a methodologically justified minimum income level that corresponds to the social economic situation and will be defined as 40% of national median equivalised disposable income.

**** In Romania, since 2011 all benefits (levels and eligibility thresholds) are expressed in terms of a *social reference index*, which – theoretically – should take into account the relationship between income from work and minimum wage regulations. As there is no clear understanding of the role and significance of the index (although all social benefits are expressed as a proportion of it), and as its value did not change for over 7 years now, its role is rather symbolic. Thus, theoretically benefit levels are based on this indicator; but in practice, this makes no difference.

In a significant number of countries, the basis for setting levels of benefits appears rather arbitrary (i.e. lacking a clear evidence-based rationale) and is very often more a political decision than one that is based on scientific evidence. For instance, the level of the Guaranteed Minimum Income (GMI) in Latvia is reviewed on an annual basis in compliance with the negotiations between the Ministry of Welfare and the Latvian Association of Local and Regional Governments in relation to the annual draft central budget. Thus, the GMI level set is the result of a compromise and is not tied to any indicator characterising household incomes or any objective welfare standard and is not methodologically justified. In Lithuania, the minimum income is based on the State Supported Income which is set by political decision and has no substantial rationale. In some cases, the level set also does not take into account household composition (e.g. Hungary's employment replacement subsidy).

In some countries, benefit levels are set at lower levels for some groups such as young people or recent immigrants. For instance, in Denmark a new safety net with smaller benefits for young persons and for non-EU citizens is being introduced.

Countries also vary widely in the regularity with which they uprate benefit levels and the basis on which they do it (see Table 6). While the majority have a clear mechanism, the regularity with which it is used varies significantly. In about a quarter of countries, there is no clear mechanism and uprating is arbitrary. Mechanisms are often related to increases in standard of living and increases in the consumer price index (e.g. BE).

Table 6: Mechanisms for reviewing MI schemes' levels

Countries where there is a clear mechanism for periodic review of MI schemes' levels. It is:			Countries where there is no clear mechanism and uprating is arbitrary
Regular	Fairly regular	Irregular	
AT CH CY DE DK ES (Andalusia, Navarre, Basque Country, Melilla) FI (BSA*) FR IT (BZ/FG/PU/ VA**) LU LV MT NL PL RS SE (but not automatic) SI	BE ES (Canary Islands, Cantabria, Castile-La Mancha, Castile-Leon, Extremadura, Galicia, Rioja, Valencia) FI (ASA*) IS IT (TN**) MK NO UK	CZ IT (SA**) PT RO***	BG EE EL ES (Aragon, Asturias, Balearic Islands, Catalonia, Madrid, Murcia, Ceuta) HR HU IE IT (BA/SI/MO/NSC**) LI LT SK

* and ** Acronyms relevant for Finland and Italy: see Table 1.

*** There is a mechanism but it has never functioned so all the upratings have been arbitrary and decided at political level.

1.5 Conditionality rules

The majority of countries have very strict conditions for MI recipients and in many cases these have been tightened during recent years with the economic crisis. These most frequently involve: registering with public employment service; signing an integration/insertion contract or employment plan; engaging in job search activities (see Table 7); accepting job offers; participating in activation measures whether training, personal development or community service; having used all possible entitlements to other social security benefits; selling or making use of one's own assets (e.g. selling or renting a property); and keeping the benefits administration informed of any changes in personal circumstances. In some countries, recipients, when directed, must participate in public works (e.g. BG, DK, HR, HU, IT [Puglia, Basilicata, Sicilia, Sardegna], LT, RO). However, in several cases (e.g. AT, HR, EE) while the conditions are strict in theory they are less so in practice. Also, some conditions such as the obligation to accept a job can be relaxed temporarily. For instance, in the Netherlands municipalities can grant temporary exemption from the obligation to accept a job on social grounds while the person concerned does have labour market opportunities. Social grounds are for

instance, addiction, single parents with young children, or age (57.5 years or older). The exemption of single parents comes with an education/training requirement for the single parent. In slightly under half of countries, conditionality is limited.

Table 7: The extent to which receipt of benefits is dependent on strict conditions in relation to job search and participation in activation measures

Very strict	Limited conditionality	No conditions**
AT (de jure) CY DE* HR (in theory) HU IS IT LI LT LU LV MK NL NO PT RO RS SI SK UK	AT (de facto) BE BG CH CZ DK EE EL ES FI FR HR (in practice) IE MT PL SE	

* In Germany, in the Social Code Book II there are exceptions to the obligation to look for and accept a job. For example, because of the care of a child up to three years or the home care of a family member. There are a large number of beneficiaries capable of working who are neither employed nor unemployed.

** While all countries have some degree of conditionality, in many countries those classified as incapable of working are exempted from job search obligations.

1.6 Duration

In most countries, there is no limit to length of time benefits can be received as long as eligibility criteria continue to be met. However, in just over half of countries there is periodical reassessment of payments (see Table 8). For instance, in Estonia subsistence benefit is renewed on a monthly basis but there is no limit to how many times the benefit can be renewed. In only a few countries or regions are MI payments time limited.

Table 8: The extent to which MI payments are time-limited

No time limit	Periodical reassessment but not necessarily limitation in time	Time limited
BG CH CZ (allowance for living) DE DK HR IT (VA*) LI MT NL NO PL (permanent benefit) SE SI** UK	AT BE CY EE ES (Aragon, Extremadura, Basque Country, Rioja, Ceuta, Melilla, Asturias, Balearic Islands, Castile-Leon, Galicia, Madrid) FI FR HU IE IS LU LV MK PT RO RS SI SK	CZ (housing supplement)*** EL ES (Andalusia, Cantabria, Canary Islands, Castile-La Mancha, Catalonia, Murcia, Navarre, Valencia) IT (BA/BZ/FG/MO/NSC/PU/SA/SI/TN*) LT (for recipients who are able to work) PL (temporary benefit)

* Acronyms relevant for Italy: See Table 1.

** Slovenia: Only for permanently unemployable persons, persons permanently unable to work, women older than 63 years and men older than 65 years – if without any assets that are taken into account in means test or in institutional care, and if other family members also fulfil these conditions.

*** It is expected that with the new Act on Social Housing planned for 2017 this time limit will be cancelled.

1.7 Transitions

1.7.1 Transitions from unemployment to MI benefits

Countries have rather varied approaches to dealing with the transition from unemployment-related benefits to MI benefits. For some there is automatic transition to MI on exhaustion of a person's unemployment benefit entitlement (e.g. IS, NO). For instance, in Norway when the right to unemployment benefits expires, claimants to unemployment benefits are referred to social assistance. In other countries, there is no specific arrangement and the recipient of unemployment benefits has to apply to the relevant office for MI benefits (e.g. EE, HR, LI, LT, RO, SI). For instance, in Portugal the

claimants of the RSI must exhaust entitlement to any other benefits before applying to the RSI if those are beyond the eligibility threshold and there can be a gap of up to two months without receiving any income. In some countries, the situation is more complex. For example, in Finland after the expiration of income-related insurance-based allowances the client falls to basic benefits, which in most cases are complemented by social assistance. The MI system then becomes simultaneous rather than transitory as the client gets a number of basic security benefits combined with social assistance. In Spain, in every region there is no link between the end of unemployment benefits and access to regional MI programmes. Since they are attached to completely different institutional settings (public employment agencies in the case of unemployment benefits, social services in the case of MI schemes), they operate under very different functioning logics, and little interaction exists between both types of programmes.²⁹

1.7.2 Transitions from MI benefits to employment

In some countries (e.g. BG, ES, LI, LV), there are no special arrangements for transitions from MI benefits in case of employment. For instance, in Bulgaria there are no arrangements for tapered withdrawal of MI benefits in case of employment. In Latvia, each earned or received euro of a household is accounted and the GMI benefit is reduced by this amount. The payment of the GMI benefit is suspended as soon as a person starts to gain any income except the income provided for by law, at the same time applying the tax rates defined in the legislation, which does not motivate people to accept a low paid job. The full amount of the benefit is withdrawn.

However, in many countries there are a variety of arrangements to ease transitions from MI benefits to employment. In particular, these include:

- provision of in-work benefits so that take-home income is increased by supplementing earned income with benefits (e.g. BE, ES(Basque Country), FI, IE, MT);
- partial disregard of earnings from means testing (sometimes for a fixed period) (e.g. CH, CY, CZ, DE, EL, ES (Galicia), LU, NL, PT, RO, SE, SI);
- tapered withdrawal of benefits over time (e.g. HR, IE, MT, RS) or continuation of all or a percentage of MI benefits for a fixed period (e.g. LT, PL).

Other approaches include:

- in Greece, a proportion of MI recipient's net income from dependent employment or training activities or from any participation in employment programmes is deducted from the calculation of total annual income;
- in Italy (Trento), according to the provincial regulations, the payment of a monetary amount equal to two times the last monthly MI benefit is made as an additional incentive to work. This incentive is for persons who initiate a new job while being members of a household that is a beneficiary of the MI benefit. Moreover, MI benefits can be renewed for three times and economic hardship of the concerned household is verified by the social assistance agency in collaboration with the employment agency (e.g. employment status). Therefore the incentive to work is an extra payment;
- in Hungary, employment replacement subsidy is suspended within the first 90 days of an earning activity and if the employment ceases to exist within the first 90 days, the employment replacement subsidy continues to be provided;

²⁹ Even though all regional MI schemes in Spain require that any claimant must exhaust any other benefit, including unemployment benefit, they do not give specific access to unemployed who have finished their unemployment benefits. On the other hand, unemployment benefits, attached to the National Public Employment Agency, do not provide access to regional MI schemes programmes.

- in the Netherlands, there is provision of an incentive bonus (once only) when MI recipients accept a contract for at least six months or participate in voluntary work or a work experience placement.

Most MI schemes apply to people on very low incomes who are in work as well as those who are out of work (see Table 9).

Table 9: The extent to which MI schemes cover people in employment as well as those out of work

Out of work only	Almost exclusively out of work but in some very specific cases in-work as well	In and out of work
HU	DK HR IE LI MT PT SK	AT BE BG CH CY CZ DE EE EL ES FI FR IS (but mainly out of work) IT (all 10 schemes*) LT LU LV MK NL NO** PL RO RS SE SI UK

* For the 10 Italian schemes: See Table 1.

** In principle, in Norway MI benefits can top up work income, but this very rarely happens in practice because MI recipients have no incentive to supplement MI with work income.

1.8 Links with other social benefits and services

1.8.1 Components covered

In some countries, MI schemes are intended to cover the main expenses that are considered necessary for a decent life (e.g. CH, CZ, DE, DK, FI, LI, NO). These include components which cover things such as housing costs, costs related to specific circumstances (e.g. disability or care of children). For instance, within the MI schemes in the Czech Republic there are three benefits: Allowance for living (to meet the basic needs), supplement for housing (to cover justified housing costs) and extraordinary immediate assistance (a one-off discretionary benefit provided to persons in precarious situations). In Germany, MI schemes provide benefits which cover current minimum subsistence, fixed allowances for certain groups or need situations (e.g. for single parents), one-off payments for specific actual needs, and actual housing and heating costs. In Liechtenstein, components covered include basic living costs (food, clothes, travel, household costs), housing costs (rent) and health insurance. In Norway, social assistance consists of three main components: a standardised allowance for ordinary living expenses, support for housing and housing-related expenditure, and support for extraordinary expenditure of various sorts.

1.8.2 Other complementary means-tested benefits

However, in many countries the main MI schemes do not cover a full range of costs. For instance, in Portugal the RSI does not include any components to cover costs, e.g. with housing, transportation, education, health or with specific circumstances such as disability. In Greece, the pilot MI scheme has not been designed to cover housing costs or costs related to specific circumstances such as disability, children, etc. Needs related to such circumstances are covered by specific categorical cash benefits which can usually be combined with MI.

Given the limited number of things covered in many basic MI schemes they are complemented by other means-tested benefits. The most common include:

- rent and housing benefits/subsidies (e.g. BE, BG, CY, DK, EE, ES [Aragon and Basque Country], FI, HR, IE, IS, IT [all 10 schemes], LI, LT, LU, LV, MT, NL, NO, PL, PT, SE, SI);

- energy and heating subsidies (e.g. BE, HR, IE, IT, LT, MK, MT, PL, RO, RS);
- child or family allowances and/or child care support (e.g. BE, BG, CH, FI, HU, IE, IS, IT, LT, NL, PL, PT, RO, RS);
- health insurance subsidies, coverage of health care and/or dental costs (e.g. HR, IT, LI, LU, LV, MT, NL, RO, RS);
- lone parent and supplementary benefit for low-income families (e.g. EE, ES [Catalonia, Basque Country and Rioja], HR, MT, LU, RO);
- education-related allowances such as school meals, school books, free of charge ECEC places etc. (e.g. IE, IS, IT, LV, LT, LU, MK, PT, RO, RS, SK);
- disability/sickness related allowances and benefits (e.g. BE, BG, EE, ES [Aragon, Asturias, Catalonia and Extremadura], IS, LI, MT, NL, PL, PT, RS).

Other complementary support to MI schemes mentioned include:

- integration supplement for participating in social/activation programmes (CH);
- means-tested allowance for students (EE);
- free of charge access to public transport and free of charge or very cheap access to social and cultural activities and education and training (LU);
- debt assistance (NL);
- payments to cover living expenses that arise occasionally and care allowance (SI);
- assistance with compulsory home insurance (RO).

In some countries, there are means-tested benefits that can be claimed instead of (rather than complementary to) MI benefit. For instance, in Croatia there are a disability benefit, an allowance for assistance and care and an employment allowance for people with development difficulties. Turkey has a number of means-tested schemes in lieu of a MI scheme some of which are categorical (pensions for poor elderly, payments to disabled in need, payments to widowed women), conditional cash transfers to households with children and discretionary schemes including cash and in-kind transfers for education, provision of coal for poor households. In Spain, the social services departments of the Autonomous Communities operate a series of means-tested emergency schemes for people with urgent non-periodical economic needs (e.g. utility bills, mortgage or other type of loan payments, etc.) that cannot be covered by the MI scheme (due to insufficient time of residency in the Autonomous Community, or some other aspect that prevent the household from being included under the MI programmes).

1.8.3 Preferential access

In several countries, MI benefits allow preferential access or provide subsidies/grants or reduce the costs of access to other services and benefits such as education/ vocational training (e.g. CY, IS, PT), free school meals (e.g. PT, UK), childcare (e.g. CY, DE, LT, MK, RS), in-kind benefits for education and participation (e.g. DE), healthcare/health insurance (e.g. BE, BG, CY, DE, HU, IS, MK, PT, RO, RS, SI), social counselling and psychological services (e.g. EL, IS), social services (e.g. DE, EL), social housing (e.g. IS), social assistance services (e.g. SI), funeral expenses (e.g. RO, SI), energy tariffs (e.g. MK, PT, RS), compensation for renovation (e.g. LT), state legal assistance (e.g. LT), support for higher school students (e.g. LT). They can also lead to tax exemption (e.g. CH) and protection from creditors (e.g. CH).

2 Assessment of adequacy, coverage, take-up and impact³⁰

2.1 Adequacy

The inadequacy of MI benefits to ensure a decent life emerges as a major challenge facing many countries. In only five countries (CH, CY, IS, LI, NL), is the level of benefit of MI schemes assessed by ESPN experts as being adequate whereas in fourteen countries (BG, DE, EE, EL, FR, HR, HU, IT [Basilicata, Friuli Venezia Giulia, Molise, New Social Card, Puglia, Sardegna, Sicilia, Valle d'Aosta], LV, MK, PT, RO, RS, SK) the level is considered to be very inadequate. In other countries, the levels are assessed as somewhat inadequate. (See summary table in Annex 1.)

It is striking that all of the five countries assessed as having adequate schemes come from the group of countries categorised as having a “simple and comprehensive scheme open to all with insufficient means to support themselves” (see Table 3). However, having a simple and comprehensive scheme does not ensure adequacy and the majority in this category are assessed as being “somewhat inadequate”. Just two countries in this category (EE and SK) and some of the Italian schemes (FG/MO/SA/VA) are considered to be very inadequate³¹. The other four categories of schemes³² tend to be fairly evenly divided between countries with “somewhat inadequate” and “very inadequate” MI schemes.

The adequacy of benefits can often vary in countries depending on family type. For instance, in Ireland, households with children appear relatively more disadvantaged and in Luxembourg couples with two children are worst off. In Poland, adequacy is somewhat higher for the larger households than for the smaller ones. In Serbia, adequacy of the benefits for the families with children is markedly low since the equivalence scale is only 0.3 for all children and is unrelated to their age. In Latvia, there are considerable income differences between family types even within the country, and social assistance benefits are much less generous for single individuals. In Spain, the lack of sensitivity to the size of the household, together with the weak nature of family support programmes, contribute to explaining the very high levels of child poverty. By contrast, in Lithuania the support to families with children (both lone-parent and two-parent families) is considerably higher due to generous equivalence scales whereas payments for a single person are too low.

In nearly half of countries, there has been little change in adequacy of benefits since 2009 according to ESPN experts. However, in ten countries (AT, CY, EE, FI, HR, IS, MT, PL, RS, SI) experts consider that there has been a positive trend. On the other hand, there is another group of countries (BE, DK, HU, NO, SE, UK) where the adequacy of benefits has decreased since 2009. For instance, in Belgium in recent times the value of MI benefits has not kept pace with the cost of living as, while the GMI is linked to the index of consumer prices, there have been cuts in free water, increases in some taxes etc. which are not reflected in the index of consumer prices. This negative evolution is particularly worrying in those countries where levels were already very low (e.g. HU, RO).

The most frequent evidence that the levels of MI benefits are inadequate is that they fall below the at-risk-of-poverty (AROP - 60% of median; see definition above) line. This is true in most countries though the distance below varies widely (see Table A1 in Annex 2

³⁰ A table summarising the main findings in this chapter can be found in Annex 1.

³¹ In the case of Estonia this was true at the time of drafting the report but a significant increase in benefits in 2016 means that Estonia would now be in the “somewhat inadequate” and no longer “very inadequate” category.

³² These categories are: “simple and non-categorical scheme with rather restricted eligibility and coverage”, “general scheme of last resort with additional categorical benefits which cover most people in need of support”, “complex network of different, often categorical schemes and sometimes overlapping schemes which cover most people in need of support” and “very limited, partial or piecemeal schemes which are restricted to narrow categories and fail to cover many of those in need of support”.

for more detail on how far MI schemes for different family types fall below the 60% median income threshold in 26 of the countries covered in this study). For instance, in the weakest schemes (BG, LV, PL, RO) for a single person MI payments are only between 24% and 29% of the AROP line whereas in the most generous schemes (BE, AT, DK, IE, LU, NL) MI benefits represent between 71% and 91% (121% in the case of IE) of the AROP line. In several countries, there is also evidence that the level of MI benefit falls below the cost of basic food baskets and/or reference budgets (e.g. EL, FI, FR, HR, IE, LT, MT, RO, UK). In some instances, experts provide evidence that MI levels fall below an “absolute” poverty line, a subsistence minimum or 40% of median income (e.g. EE, EL, ES, FR, RS, SK). For instance, in Slovakia the difference between the minimum income entitlements (although increased by child benefits) and the subsistence minimum, as well as between the entitlements and at-risk-of-poverty thresholds represent a long-term feature of the minimum income scheme. In Greece, the maximum MI support is lower even than the threshold of 40% national median equivalised income, which is characterised as an “extreme poverty threshold”. In Spain, the basic amounts are generally placed below 40% of the national median equivalised income, with the exceptions of Navarra (49.6%) and Basque Country (56%).

Another source of evidence that highlights the inadequacy of MI benefits is the extent to which they fall behind minimum wage levels³³. 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%. (See Table A3 in Annex 2 for more details and family types.)

2.2 Coverage

In more than half of countries (BE, CH, CY, CZ, DE, DK, EE, FI, FR, IE, IS, LI, LU, MT, NL, NO, SE, SI, SK), the eligibility conditions ensure that MI schemes provide fairly comprehensive coverage of people at risk of poverty. While in eight countries (BG, EL [pilot scheme], ES, HR, IT [Basilicata, Friuli Venezia Giulia, Molise, New Social Card, Puglia, Sardegna, Sicilia, Valle d'Aosta], LV, PT, RO) coverage is very limited. For instance, in Croatia the MI scheme reaches only about 12% of those at risk of poverty. In Serbia in 2014, with an at-risk-of-poverty rate of 25.6% (1,825,737 persons at risk) only 14.6% of this population was covered by Financial Social Assistance benefits. In the remaining countries, coverage of people in need is partial. However, coverage can vary significantly between different potential beneficiaries. In France, for instance, at the 40% of median income, studies show that half of the poorest adults do not receive a guaranteed minimum income. Coverage can also vary by region in some countries. For instance, in Serbia discrepancy regarding the regional coverage is evident, especially when comparing developed and underdeveloped Local Communities. The most striking differences relate to the coverage in devastated communities in the East and South Serbia Region. In Spain, a large number of Autonomous Communities (Madrid, Catalonia, Canary Islands, Valencia, Andalusia, Balearic Islands, Murcia, Castile-La Mancha) did not even cover 1% of their households under MI programmes in 2014. Only Navarra (4%) and the Basque Country (8%) included a significant share of their population under these MI programmes, while the rest of regions attended between 1 and 3% of their households.

Most of the countries that are assessed as having fairly comprehensive coverage come from the group of countries categorised as having a “simple and comprehensive scheme open to all with insufficient means to support themselves” (see Table 3). However, fairly comprehensive coverage is also the case for three of the four countries (FR, IE, MT) with a “complex network of different, often categorical schemes and sometimes overlapping

³³ It is worth highlighting that these national ratios need to be interpreted cautiously. A high ratio may indeed also be due to a low minimum wage. Put differently, high ratios do not necessarily imply adequate social benefits. Both the numerator and the denominator need to be looked at.

schemes which cover most people in need of support"). Countries with a "simple and non-categorical scheme with rather restricted eligibility and coverage" are divided fairly evenly between having partial coverage and very limited coverage. The picture for countries with a "general scheme of last resort with additional categorical benefits which cover most people in need of support" varies quite widely with the majority having partial coverage but two (DE and FI-BSA) having fairly comprehensive coverage whereas a few (LV and several IT regions) have very limited coverage.

Encouragingly coverage has improved since 2009 in some eight countries (AT, BE, CY, FI, LU, MT, RS, SI). On the other hand, it has deteriorated in seven countries (DK, FR, HU, MK, PT, RO, UK). In some cases, this appears related to increasingly severe eligibility conditions and use of sanctions (e.g. ES, HU, PT, MK, RS, UK). For instance, in Macedonia rigid means-testing and conditionality criteria contribute to very low coverage rates and in 2014 only 15% of all unemployed in the country were covered by the MI scheme. In Portugal, the impact of stricter conditions of access to MI scheme in 2010 and 2012 has meant a reduction of 46.3% in the number of recipients. Families with children were among those most affected, as demonstrated by the increase in child poverty (from 22.4% in 2009 to 25.6% in 2013). In Romania, the proportion of the poorest 20% covered by MI benefits is low, estimated to be less than 13% for both Minimum Income Guarantee (MIG) and Family Support Allowance (FSA) in 2013; while the coverage with benefits is higher for the Heating Aids (HA), it steadily decreased over the last years. However, it is hoped that the increased capacity of the new minimum insertion income (MII – due to take effect from 2017-2018) will increase coverage and generosity of the three means-tested benefits through a better and more coordinated implementation of the currently separated scheme and through an increase of the budget allocated to these. In the UK, coverage was fairly comprehensive, but has suffered in recent years due to reforms such as not uprating benefits, benefit caps, rent caps, reductions in support for council tax payments in many areas, and changes in the entitlements of migrants.

The groups that are assessed most frequently as not being adequately covered are:

- immigrants and/or asylum seekers (e.g. AT, BE, CH, DE, FR, IE, IS, IT, LI, LU, MT, SE, UK) ³⁴;
- undocumented migrants/people who are not legally resident (e.g. BE, CH, FI, FR, IT, LU, MT, NO, PT), refugees (e.g. BG, MK) and third country nationals (e.g. EL, ES [Andalusia]);
- homeless and people living in rented housing without contract or written agreement (e.g. CZ, DE, ES, LV);
- young people (e.g. ES, FR, LU), students (e.g. IS) and young people leaving institutional care (e.g. SK);
- working poor (e.g. HU, PL, RO).

Other groups mentioned include:

- unemployed excluded from labour office registers (CZ);
- some owner occupiers, as means-test covers assets and property as well as income (AT);
- Roma living in settlements, being thus unable to prove permanent residence (e.g. EL, TR).

³⁴ The situation in relation to immigrants and asylum seekers and their eligibility for MI schemes is quite complicated and varies widely across countries. Most commonly asylum seekers are not eligible and recognised refugees are. The situation for immigrants from EU and EEA countries and for recognised immigrants from outside the EU varies widely with a variety of different conditions attached, particularly the length of residence required before people become eligible.

2.3 Take-up³⁵

Detailed evidence on take-up of minimum income schemes by the eligible population is scarce in many countries. In spite of this, take-up is considered to be fairly complete in eight countries (BG, DK, EE, IE, IS, MT, NL, SK). However, in most countries it is only partial. For example, in Germany between 1/3 and 2/5 of all eligible beneficiaries do not apply for these benefits. In the UK, in 2009-2010 almost a third of eligible people were not claiming the means-tested benefits they were entitled to. In Switzerland, it is estimated that the non-take-up rate for social assistance is around 28%.

The countries whose MI schemes achieve fairly complete take-up come from countries assessed as having a “simple and comprehensive scheme open to all with insufficient means to support themselves” (DK, EE, IS, NL, SK), countries with a “complex network of different, often categorical schemes and sometimes overlapping schemes which cover most people in need of support” (IE, MT), and the country with “very limited, partial or piecemeal schemes which are restricted to narrow categories and fail to cover many of those in need of support” (BG). However, a significant majority of schemes with a “simple and comprehensive scheme open to all with insufficient means to support themselves” are assessed as achieving only partial take-up.

In some countries, there is evidence that take-up is not equally divided between potential beneficiaries. For example, it is sometimes highest among the most vulnerable categories (e.g. BE, FR) and childless couples (BE). So, in France over a quarter of the poorest households, i.e. those below the 40%-median income poverty line, live in a household that receives neither housing benefit nor minimum income.

The assessment of ESPN experts is that there has been some improvement in take-up since 2009 in six countries (AT, BG, FI, IS, MT, RS) while take-up has deteriorated somewhat in six countries (BE, CY, HU, RO, SI, SK) probably partly as a result of the economic crisis, increased selectivity in other social benefits and changes in eligibility. Non-take-up is sometimes particularly associated with certain groups such as the Roma (e.g. HU), people living in rural areas (e.g. CH), homeless people if they do not have a registered residence and do not apply for MI through centres for social work or shelters for the homeless (SI), poverty enclaves, especially families living in improvised homes/ghettos (RO).

The most common reasons identified by ESPN experts for non-take-up are:

- personal barriers:
 - o psychological barriers (such as ignorance and shame) (e.g. BE, PL) or mental illness (e.g. FI);
 - o avoiding stigma attached to social assistance and loss of privacy (e.g. BG, DE, ES, FI, LI, NO, PT, RS);
- institutional barriers:
 - o inadequate information and publicity, lack of knowledge about entitlement and eligibility rules (e.g. AT, BG, DE, ES, FI, HR, IT, LV, MK, PL, RS, UK);
 - o the benefits are perceived as being too low compared to procedures of application (e.g. AT, BG, DE, LU, PL, RO, UK) (in Romania, for instance, the costs associated with community work requirements are, for some beneficiaries, considered too high compared to the benefit received);
 - o too much red tape, bureaucracy and complexity of regulations and procedures (e.g. AT, BE, CY, DE, ES, HR, MK, PT);

³⁵ More information on the issue of non-take-up can be found in Eurofound (2015), “Access to social benefits: Reducing non-take-up”, Luxembourg: Publications Office of the European Union, available at: http://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1536en.pdf

- increased conditionality and sanctions (e.g. HU);
- implementation barriers:
 - additional conditions imposed by social services (e.g. BE);
 - lack of effective outreach and mediation to potential beneficiaries (e.g. HR, PT, RS).

Policies that are highlighted by experts as being helpful in reducing non-take-up include:

- establishing a one stop shop application within the public employment system and removing the duty to pay back benefits in case of future financial improvement and the duty of close relatives to refund (AT);
- a one-desk principle when it comes to social assistance, which is considered to have positive effects on take-up as this administrative structure reduces problems of stigmatisation which can easily arise in a (very) small country where in many cases inhabitants of a community are personally known by the municipal employees (LI);
- coordination between the relevant public services towards the one-stop shop approach (IT);
- developing an easily accessible application process (CY);
- better outreach of services and more assistance to people to complete forms (LU, NL) and using data-linking to identify non-applicants (NL);
- putting emphasis on the receipt of MI benefits as a legal claim in order to destigmatise the benefit recipient (DE, NO);
- improving information and raising public awareness of benefit schemes and conditions of entitlement (DE, NL);
- moving from a demanding workfare-oriented approach to an enabling approach (DE);
- relaxing very rigid enforcement of strict conditionality rules (RS);
- providing detailed guidance from welfare officers as to what entitlements a person has, and ensuring that these are applied for together (MT).

2.4 Impact on poverty reduction

Not surprisingly, given that most MI schemes fall well below the AROP threshold in most countries, in only a few countries (IE, IS, NL, UK) is MI provision assessed as having a strong impact on reducing the numbers of those at risk of poverty. In fourteen countries (AT, BG, CY, DE, EE, EL, ES [except Basque country], FR, LV, MK, PL, PT, RO, SK) the impact is very limited. In the remaining countries, the impact is partial. Worryingly the evolution since 2009 has been negative in more countries (BE, BG, CZ, DK, ES, HU, LT, NO, RO, SE, UK) than it has been positive (AT, EE, MT, PL, SI).

There is no clear-cut pattern of which types of MI schemes have the greatest impact on reducing the at-risk-of-poverty rate. Of the countries assessed as having a strong impact, two (IS, NL) come from the group of countries with a “simple and comprehensive scheme open to all with insufficient means to support themselves” and one each from a “general scheme of last resort with additional categorical benefits which cover most people in need of support” (UK) and a “complex network of different, often categorical schemes and sometimes overlapping schemes which cover most people in need of support” (IE). Those countries whose MI schemes have very limited impact also cover several types of schemes: four from countries with a “general scheme of last resort with additional categorical benefits which cover most people in need of support” (DE, LV, MK,

PL), four from countries with a “simple and non-categorical scheme with rather restricted eligibility and coverage” (AT, EL, ES, PT), three from countries with a “simple and comprehensive scheme open to all with insufficient means to support themselves” (CY, EE, SK), two from countries with a “complex network of different, often categorical schemes and sometimes overlapping schemes which cover most people in need of support” (FR, RO) and finally the country with “very limited, partial or piecemeal schemes which are restricted to narrow categories and fail to cover many of those in need of support” (BG).

While most MI schemes have limited impact on reducing the numbers AROP they more frequently have an important impact on reducing the depth of poverty. There is a strong impact in nine countries (AT, BE, CY, IE, IS, LI, LU, PT, UK). In many other countries, they are mediumly effective in this regard. For instance, in Finland using the 40% median income poverty line those falling below are reduced from 30 per cent before benefits to 10 per cent after. In France, MI schemes reduce poverty depth by 6.1 points. On the other hand, in seven countries (ES, LT, LV, HU, MK, PL, SK) MI benefits are very ineffective in reducing the depth of poverty.

There is no clear-cut pattern of which types of MI schemes have the greatest impact on reducing the intensity/depth of poverty. Of the countries assessed as having a strong impact, five (BE, CY, IS, LI, LU) come from the group of countries with a “simple and comprehensive scheme open to all with insufficient means to support themselves”, two come from countries with a “simple and non-categorical scheme with rather restricted eligibility and coverage” (AT, PT) and one each from a “general scheme of last resort with additional categorical benefits which cover most people in need of support” (UK) and a “complex network of different, often categorical schemes and sometimes overlapping schemes which cover most people in need of support” (IE). Those countries whose MI schemes have very limited impact also cover several types of schemes: three from countries with a “general scheme of last resort with additional categorical benefits which cover most people in need of support” (LV, MK, PL), two from countries with a “simple and comprehensive scheme open to all with insufficient means to support themselves” (LT, SK) and two from countries with a “simple and non-categorical scheme with rather restricted eligibility and coverage” (ES, HU).

The evolution in this regard has been positive in six countries (AT, CY, EE, IS, MT, SI) but negative in some nine (CZ, DK, ES, FI, HU, LT, PT, RO, UK) and with little change in others since 2009. For instance, in Portugal the major positive impacts of the RSI before recent reforms in the reduction of the severity and depth of poverty have now been lost and the increased efficiency of the scheme is clearly insufficient to counterbalance the significant decrease in its efficacy; there has been a decrease of 18.3 percentage points in the “poverty gap efficiency”³⁶.

Reasons identified for the limited impact on poverty reduction are:

- the benefit levels are lower than the AROP threshold (e.g. most countries – see Annex 2, Table A1);
- the benefit levels are below “absolute” poverty line or 40% of median income (e.g. EE, EL, FR, RO);
- the benefit levels are considerably lower than the net minimum wage (e.g. AT, HU);
- benefit levels fail to sufficiently take into account housing costs (e.g. CZ);
- there are high levels of non-take-up (e.g. DE, NO);
- the low proportion of GDP spent on MI benefits (e.g. BG).

³⁶ Poverty gap efficiency is a measure of horizontal efficiency, calculating the proportion of the aggregate poverty gap reduced by social transfers.

3 Links to other two pillars of active inclusion³⁷

The development of MI schemes needs to be viewed in the context of an active inclusion approach. The Commission's 2008 Recommendation on Active Inclusion advocated "an integrated comprehensive strategy for the active inclusion of people excluded from the labour market combining adequate income support, inclusive labour markets and access to quality services. Active inclusion policies should facilitate the integration into sustainable, quality employment of those who can work and provide resources which are sufficient to live in dignity, together with support for social participation, for those who cannot." Thus, in considering the effectiveness of MI schemes it is important to consider how well they link to inclusive labour market policies and programmes and to access to quality services.

3.1 Inclusive labour markets

There is a growing tendency in countries to link MI schemes and active labour market programmes. Indeed there has been a positive evolution in this regard in sixteen countries (AT, BE, CH, DK, ES, HR, IE, IS, LU, LV, MK, MT, NO, PL, PT, SI) since 2009, though this can vary from region to region - with rural areas sometimes making less progress (e.g. CH). In the majority of countries, the links between MI schemes and active labour market programmes are assessed as being mediumly effective but even so they are often only reaching a minority of MI recipients (e.g. between 8% and 15% in CH). In two countries (HU, MT), links are seen as very effective. However, in six countries (BG, EL, ES, LT, RO, RS) they are still very ineffective.

There is no evident connection between the type of MI scheme in a country (see Table 3) and whether the link between MI schemes and ALMPs is assessed as being very effective, mediumly effective or very ineffective.

Several barriers to developing effective links between MI benefits and activation measures are identified by experts. The most common are:

- lack of capacity, training and resources in public employment services (e.g. CY, EL, ES, LT, PT, RO, RS);
- insufficient expenditure on and/or lack of sufficient range of ALMP measures (e.g. CZ, DE, EE, ES, LT, LV, PT);
- lack of coordination/cooperation between services and lack of one-stop shop approach developing individually tailored integration programmes (e.g. BG, DE, EL, ES, IT, LT, PT, RO, RS);
- higher priority being given by ALMPs to young people and people with higher educational qualifications than to MI recipients generally (e.g. HR, MK, NO, RO, RS).

Among other weaknesses identified are:

- lack of consistent standards and wide variation in quality of ALMPs from area to area (PT) and lack of quality and monitoring of ALMPs (SK);
- lack of shared IT systems between employment and social services (PT);
- complexity of the different benefits and the ensuing administrative burden, especially for people with part-time and flexible work (NL);
- misconceptions on whether work is profitable or not and high costs for lone parents for formal child care, which can discourage people to take on work (NL).

³⁷ In their reports, many experts cross reference their 2015 reports on integrated support for the long-term unemployed which go into more detail on Active Labour Market Programmes and access to quality services. These are available at:

<http://ec.europa.eu/social/keyDocuments.jsp?advSearchKey=ESPNTU&mode=advancedSubmit&langId=en&search.x=0&search.y=0>.

The two main ways in which links between MI schemes and ALMP support have been strengthened in most countries are a greater emphasis on:

- participation in ALMP support as a condition of continued receipt of MI (and, as a corollary, increased conditionality and use of sanctions);
- registration with public employment services and/or signing of integration contracts.

Other ways highlighted in which links have been strengthened include:

- increasing access to and better outreach and tailoring of activation measures for MI recipients
 - o developing employment programmes to ease transition to employment (e.g. BE);
 - o extending active labour market measures to an increasing range of types of MI support claimants and increasing the activities required of job-seekers (e.g. UK);
 - o providing tailored and comprehensive services aimed at effectively addressing the multifaceted causes of poverty and social exclusion (e.g. BE, LU);
 - o increasing efforts to encourage MI recipients to participate in activation measures (e.g. CY);
 - o increasing availability of intensive support places (e.g. FR);
 - o developing centres and clubs for social integration, i.e. specific units established for social and labour activation of the vulnerable groups (PL);
 - o increasing the range of training opportunities and services for MI recipients (e.g. IS, LU);
 - o increasing the range of ALMPs (e.g. MT);
 - o giving a right to free qualifying training through a personal training account (FR);
 - o transferring long-term social assistance recipients to a Qualification Programme, a taxable non-means-tested social insurance benefit that can be received over a period of two years while the recipient participates in various types of activation (e.g. NO);
 - o providing a subsidy to employers (from the private sector) if the employee (an MI scheme recipient) is engaged for 24 months (e.g. RS);
 - o making an effort to register with employment services those living in households where there is no employed individual and providing social assistance recipients with financial support for job interviews (e.g. TR).
- improving coordination between agencies
 - o more streamlined coordination protocols between employment and social services while maintaining the autonomy of both systems (e.g. ES [Basque Country, Castile and Leon and Madrid], LU);
 - o agreeing formal arrangements between employment services and regional/local authorities with a view to improving connections between the social and professional aspects of employment support (e.g. FR);
 - o the development of a one-stop shop and single point of contact arrangements (i.e. linking benefits and activation services) (e.g. IE);
 - o combining efforts and resources of the municipal social assistance centres and district employment centres in jointly implemented and funded programmes (PL).

Evidence of the effectiveness of measures in helping MI recipients to access to employment is limited due to a lack of evaluation. However, some evidence is provided by ESPN experts for different types of measures:

- Public Works and Voluntary Activity

- o in Bulgaria, the effect of participation in public works on the employability and motivation of the MI recipients is doubtful as public works consist mainly of unskilled tasks and take time which can be used to look for a job or participate in training or other skill-enhancing activities;
- o in Romania, the impact of public work schemes on employability seems rather ineffective as they act more as a disincentive to apply for MI than as an effective way of increasing employability;
- o in Croatia, the small proportion of MI recipients who are included in ALMPs are overwhelmingly placed in public works' programmes which appear to be the least effective in terms of boosting employability;
- o in Hungary, data indicate that public work does not promote employment in the primary job market (scarcely more than 10% of participants find a job on the regular labour market after taking part in the programme);
- o in Slovakia, the ability of activation works to improve labour market chances of the participants is quite low. The Institute for Financial Policy argues that activation works amplify the inactivity trap; they do not improve participants' skills and often lock them in local low-skill works.

- Education, training and related measures

- o in Latvia, research findings suggest that while short measures to improve competitiveness of the unemployed are useful, they cannot substitute training and education, especially in the longer term. This claim stands true also when the characteristics of the unemployed are accounted for. Overall, the best performing programmes for men include: professional training in manual, as well as service and sales jobs; employer provided training in non-manual jobs; informal education programmes in project management and software; and informal education programmes for professional drivers of transport and industrial vehicles. For women, the best performing programmes include: employer provided training in manual jobs; professional training in manual jobs; IT (basic skills); specific language courses; and professional training in manual, as well as services and sales jobs. However, subsidised employer-provided training programmes are not very successful;
- o in the Netherlands, there are large differences in the outflow to work after completing the reintegration programme. The outflow to work is especially lower among long-term welfare recipients and immigrants. As yet, not much is known about the net effectiveness of reintegration. The first experimental studies show small net effects. The largest net effects are visible with regard to programmes that are deployed at the start of the process;
- o in Norway, while the transition to work rate after a completed qualification programme is not very high this is unsurprising given that the target groups are among the hardest to employ. There is evidence that participation in the qualification programme increases the employment probability by 18% compared to a control group. Some of the jobs held by former participants are small, but arguably important stepping stones towards a more solid position in the labour market;
- o in Sweden, there is some evidence showing that labour market programmes run by the state are somewhat more effective than municipal measures in getting unemployed people back into employment; however, it remains to be explored to what extent this is due to selection effects caused by the composition of target groups.

- Wage subsidies
 - o in Austria, wage subsidies appear to show the strongest positive effect. However, in Slovenia a macroeconomic analysis showed that subsidised employment of the long-term unemployed cash social assistance beneficiaries had had a positive impact one year after the end of subsidy payment and a zero impact two years after.
- Other
 - o in Belgium, programmes aimed at just restoring social security rights appear to be less successful in durably integrating MI recipients into the labour market than genuine employment activation programmes.

Dependency and disincentives

Several experts report a considerable degree of long-term dependency (e.g. AT, BG, CZ, DK, FR, RS, SI). For instance, in Serbia in 2014 more than one third of the beneficiary households have been receiving Financial Social Assistance for more than eleven years. In some countries, exit rates decline as time on welfare increases (e.g. BE). Age, sex, household type and marital status have a significant effect on the probability of leaving a MI scheme. For instance, in Spain long stays in the programmes are associated to beneficiaries with very significant social problems, low levels of employability and family responsibilities that often prevent them from fully participating in the labour market. However, the German expert notes that it is not appropriate to speak of “welfare dependency” as almost 50% of beneficiaries capable of working are gainful employed, in training or in activation measures; at the same time, around 36% are involved in child care or home care. In total, 65.5% are involved in one or the other activity form. So, even if the large majority of beneficiaries are long-term recipients, they are very active.

A number of traps or disincentives to MI recipients taking up work which can contribute to long-term dependency are identified by experts. These include:

- inactivity traps resulting from high or very high marginal effective tax rates in case of earning income on the labour market (e.g. AT, DK, EE, FI, HR, IE, LT, RO);
- low paid jobs (e.g. BG, HR, LT) and the poor quality and perspective of part-time jobs (LU);
- significant level of involvement in informal labour market leading to “unregistered” earning of households (e.g. MT, RS);
- taxation of even the smallest earnings at the universal 10% flat rate (BG);
- bad health, old age, low education, low self-esteem, existence of dependent children and dependent adults in bad health, as well as limited work experience are among the most frequent obstacles to labour market integration of MI recipients (CY);
- work incentives remain very low and may discourage individuals from returning to the labour market and to low-paid employment (CZ);
- poor labour market situation in area where MI recipient lives (FR);
- taking away any additionally earned income fully from the benefit (LV).

Such barriers are being addressed in some countries in a number of ways (see also Section 1.7.2 Transitions from MI benefits to employment):

- introducing a more generous system for the exemption of earnings in the means-testing (e.g. CY);

- introducing a “modern benefit ceiling” to address the high participation tax rates where tapering is done in housing allowance and special support (e.g. DK);
- disregarding some income from work (e.g. FI, LU, SI);
- activity supplements in the MI equivalence scale for adults who work for 60-128 hours per month or more than 128 hours per month (e.g. SI);
- increasing the financial incentives to take up employment especially on the part of lone parents and long-term jobseeker families with children, basically allowing them to retain their child-related social welfare payments for up to two years upon ending their claim and entering employment or self-employment (e.g. IE);
- boosting making work pay measures through extensive incentives associated with training, special fiscal arrangements for persons who “return to work” after a lapse of years, and through schemes that allow persons undergoing training to benefit from special benefits such as free child-care (e.g. MT).

3.2 Access to quality services

The links between MI schemes and access to quality services are mediumly effective in the majority of countries but many of these still have important room for improvement. However, in four countries (DK, IS, NO, SI) the links are very effective. For instance, in Iceland social assistance recipients have full rights to public healthcare services, often with discounts on user charges when these are involved. They also have full and free access to the various services of the ALMP of the Directorate of Labour and if sick they have full access to the Vocational Rehabilitation Fund (VIRK) of the labour market partners as well as the rehabilitation services of the Social Security Administration. In addition, the municipalities offer various social services to this group, including some services directly targeted at that group. Encouragingly, there is a positive trend towards stronger links in seven countries (AT, DK, ES, LT, MK, MT, SI) since 2009 and a negative trend in only one (HU). The links between services and MI schemes are still very ineffective in eight countries (BG, DE, EL, ES, HR, HU, PL, RO).

It is striking that the five countries where there are very effective links between MI schemes and access to adequate services all come from the group of countries with “simple and comprehensive scheme open to all with insufficient means to support themselves” (see Table 3).

The barriers to accessing services most frequently cited by ESPN experts are:

- poor coordination:
 - o weaknesses in coordination between the different actors providing benefits and services (e.g. DE, EL, FI, HR, HU, IT, RS, UK);
 - o lack of a clear-cut one-stop shop approach where an integrated case-management would be available to all recipients of GMI (e.g. AT);
 - o little or no integrated planning across the “social services” (education, health, housing, social protection) (e.g. IE);
 - o different benefits and service systems operate at different governance levels (e.g. ES, SE).
- capacity and resource weaknesses:
 - o lack of capacity and resources in welfare/social services offices (e.g. AT, BG, DE, EL, HU, IE, MK);
 - o lack of social workers at labour offices and municipalities (e.g. CZ);
 - o uneven quality of integration services (e.g. PT);

- widespread variation in the availability of social services in different regions (e.g. AT, HU, RO) and in more remote and sparsely populated areas (e.g. IS, RO);
- lack of affordable child care services (e.g. CH) and especially access and affordability for Roma children (e.g. SK) and most deprived and disadvantaged households (e.g. MT), and recent deterioration of childcare and family support programmes (ES).

Other barriers cited include the following:

- exclusion of low income households from banking services (e.g. BE);
- lack of access to computer/internet (e.g. BE, PT);
- client fees that prevent people access to social and health services (e.g. FI);
- lack of information (e.g. LU, RS);
- fear of stigmatisation (e.g. LU).

ESPN experts highlight a range of ways in which access to services is being or could be enhanced. These include:

- reducing costs:
 - subsidisation or exemption from or reduced fees for essential services (e.g. CY, CZ, FI, IS, MK, RS, SI);
 - making services free of charge or very cheap (LU);
 - granting complementary universal health coverage (FR).
- improving coordination of services:
 - introducing formal and structured cooperation between government agencies in the area of social assistance in a few municipalities (FI, SE);
 - strengthening the implementation of the national framework law for integrated systems of social services (adopted in 2000), which included a national MI scheme (no longer refinanced after 2004) embedded in local welfare systems through a single national fund for social policies aimed at ensuring a balanced mix of cash and in-kind benefits (IT);
 - forming social neighbourhood teams in which several support disciplines are combined (e.g. social, youth and community work, municipal social support counselling, district or neighbourhood nurse, counsellor for elderly persons, help for the reintegration of social benefits recipients furthest away from the labour market, debt-assistance etc.). These teams are intended to reach out into the neighbourhood, identify problems at an early stage and refer citizens to appropriate forms of support and care (NL).
- more outreach and individualised support:
 - institutionalising the link of MI recipients to quality services in resource programmes where one social worker has the sole contact to the client and coordinates all the various measures and professionals in the team offering the resource programme (DK);
 - establishing a programme whereby individuals receive an analysis of their situation and supporting them in identifying the benefits and services open to them (FR);
 - improving outreach by fieldworkers and volunteers of NGOs and grassroots organisations to try and reach out to the most vulnerable population categories (e.g. migrants) (LU);

- providing individualised support tailored to the needs of the MI recipient including supporting the diverse needs of beneficiaries and their families which may translate into facilitating access to services (PT);
- improve access to child care:
 - systematically integrate the possibility of access to childcare for the least well-off families (FR);
 - providing highly subsidised Early Childhood Education and Care (ECEC) that allows the employment of both parents, which is the most direct way out of dependency on cash social assistance (SI);
- other:
 - providing social services to the beneficiaries of MI schemes in the country due to the increased focus on activation measures (MK);
 - establishing a central enabling service for disabled people or those with health/mental health problems in order to provide help with the costs of adapting premises and equipment for disabled workers (UK).

Annex 1A: Assessment of minimum income schemes (summary table)

	Assessment			Evolution over time		
Adequacy How adequate is the level of MI benefits?	Adequate	Somewhat inadequate	Very inadequate	Positive	Status Quo	Negative
	CH CY IS LI NL	AT BE CZ DK ES FI IE IT (BZ/TN) LT LU MT NO PL SE SI UK	BG DE EE EL FR HR HU IT (BA/ FG/MO/ NSC/PU/SA/ SI/VA) LV MK PT RO RS SK	AT CY EE FI HR IS MT PL RS SI	BG CH CZ DE ES FR IE IT LI LT LU LV MK NL PT RO SK	BE DK HU NO SE UK
Coverage How extensive is the coverage of people in need?	Fairly comprehensive	Partial	Very limited	Positive	Status Quo	Negative
	BE CH CY CZ DE EE DK FI FR IE IS LI LU MT NL NO SE SI SK	AT ES (Basque country) HU IT(BZ/ TN) LT MK PL RS UK	BG EL ES HR IT (BA/ FG/MO/NSC /PU/SA/SI/ VA) LV PT RO	AT BE CY FI LU MT RS SI	BG CH CZ DE EE ES HR IE IS IT LI LT LV NL NO PL SE SK	DK FR HU MK PT RO UK
Take-up How complete is the take-up of MI benefits by those entitled to them?	Fairly complete	Partial	Quite limited	Positive	Status Quo	Negative
	BG DK EE IE IS MT NL (social assistance) SK	AT BE CH CY CZ DE ES (Basque Country) FI FR HU IT (NSC) LI LT LU LV MK NL (additional social benefits) NO PL RO RS SE SI UK	ES HR	AT BG FI IS MT RS	CH CZ DE DK EE ES FR HR IE IT(NSC) LI LT LU LV MK NL NO UK	BE CY HU RO SI SK
Impact on poverty reduction (1) What is the impact of MI provision in reducing the at-risk-of-poverty rate?	Strong impact	Partial impact	Very limited impact	Positive	Status Quo	Negative
	IE IS NL UK	BE CZ DK ES (Basque Country) FI HR HU IT(TN) LI LT LU MT NO RS SE SI	AT BG CY DE EE EL ES FR LV MK PL PT RO SK	AT EE MT PL SI	CY DE FI FR HR IE IS IT LI LU LV MK NL PT RS SK	BE BG CZ DK ES HU LT NO RO SE UK

	Assessment			Evolution over time		
Impact on poverty reduction (2) What is the impact of MI provision in reducing the at-risk-of-poverty depth?	Strong impact	Partial impact	Very limited impact	Positive	Status Quo	Negative
	AT BE CY IE IS LI LU PT UK	BG CZ DE DK EE EL ES (Basque Country) FI FR HR MT NL NO RO RS SE SI	ES LT LV HU MK PL SK	AT CY EE IS MT SI	BE BG DE FR HR IE IT LI LU LV MK NL NO PL RS SK	CZ DK ES FI HU LT PT RO UK
Link to ALMP In practice, how effective are the links between MI scheme(s) and ALMP measures?	Very effective links	Mediumly effective	Very ineffective	Positive	Status Quo	Negative
	HU MT	AT BE CH CY CZ DE DK EE FI FR HR IE IS IT(TN) LI LU LV MK NL NO PL PT SE SI SK UK	BG EL ES LT RO RS	AT BE CH DK HR IE IS LU LV MK MT NO PL PT SI	BG CY CZ DE EE ES FI FR IT LI LT NL RO RS SK UK	HU
Link to quality services In practice, how effective are the links between MI scheme(s) and access to quality services?	Very effective links	Mediumly effective	Very ineffective	Positive	Status Quo	Negative
	DK IS NO SI	AT BE CH CY CZ EE FI FR IE IT(all 10 schemes) LI LT LU LV MK MT NL PT RS SE SK UK	BG DE EL ES HR HU PL RO	AT DK ES LT LU MK MT SI	BE BG CH CY CZ DE EE ES FI FR HR IE IS IT LI LV NL NO PL PT RO RS SK UK	HU

Notes to table: a) CH: no information available on impact on poverty reduction; b) EL: only a pilot MI scheme, so no entry in "evolution over time" column; c) IT: acronyms for relevant MI schemes are: BA (Basilicata); BZ (Bolzano); FG (Friuli Venezia Giulia); MO (Molise); NSC (New Social Card); PU (Puglia); SA (Sardegna); SI (Sicilia); TN (Trento); VA (Valle d'Aosta). In several rows there are two entries for Italy and Spain; d) TR has not completed the table as there is no MI schemes (see above); e) Some countries have not completed the "Take-up" row because of lack of available information; f) The positive evolution in Estonia for the impact on poverty reduction (1) and (2) refers to an increase of benefits in Estonia in 2016.

Annex 1B: Assessment of minimum income schemes (summary table by country)

This summary table is based on that in Annex 1a. It is intended to help readers to see country by country the assessment of ESPN experts on each issue covered in this report. For each issue there are two columns. The “Now” column refers to the “Assessment” column in Annex 1a and is the ESPN experts’ assessment of the current minimum income scheme in their country. The “Evol.” column refers to the “Evolution over time” column in Annex 1a and is the ESPN experts’ assessment of the evolution over time. In the table in Annex 1a there are three possible “Assessment” columns. When a country is in the most positive column in that table this is depicted in this table with 😊. When it is in the middle column this is depicted with 😐. When it is in the most negative column this is depicted with 😞. In the “Evol.” column, 😊 = positive, 😐 = status quo and 😞 = negative.

EU countries

	Adequacy		Coverage		Take-up		Impact on poverty reduction (1)		Impact on poverty reduction (2)		Link to ALMP		Link to quality services	
	Now	Evol.	Now	Evol.	Now	Evol.	Now	Evol.	Now	Evol.	Now	Evol.	Now	Evol.
AT	😊	😊	😊	😊	😊	😊	😞	😊	😊	😊	😊	😊	😊	😊
BE	😊	😞	😊	😊	😊	😞	😊	😞	😊	😊	😊	😊	😊	😊
BG	😞	😊	😞	😊	😊	😊	😞	😞	😊	😊	😞	😊	😞	😊
CY	😊	😊	😊	😊	😊	😞	😞	😊	😊	😊	😊	😊	😊	😊
CZ	😊	😊	😊	😊	😊	😊	😊	😞	😊	😞	😊	😊	😊	😊
DE	😞	😊	😊	😊	😊	😊	😞	😊	😊	😊	😊	😊	😞	😊
DK	😊	😞	😊	😞	😊	😊	😊	😞	😊	😞	😊	😊	😊	😊
EE	😞	😊	😊	😊	😊	😊	😞	😊	😊	😊	😊	😊	😊	😊
EL	😞		😞				😞		😊		😞		😞	
ES	😊	😊	😞	😊	😞	😊	😞	😞	😞	😞	😞	😊	😞	😊
FI	😊	😊	😊	😊	😊	😊	😊	😊	😊	😞	😊	😊	😊	😊
FR	😞	😊	😊	😞	😊	😊	😞	😊	😊	😊	😊	😊	😊	😊
HR	😞	😊	😞	😊	😞	😊	😊	😊	😊	😊	😊	😊	😞	😊
HU	😞	😞	😊	😞	😊	😞	😊	😞	😞	😞	😊	😞	😞	😞
IE	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊
IT	😞	😊	😞	😊	😊	😊	😊	😊		😊	😊	😊	😊	😊
LT	😊	😊	😊	😊	😊	😊	😊	😞	😞	😞	😞	😊	😊	😊
LU	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊
LV	😞	😊	😞	😊	😊	😊	😞	😊	😞	😊	😊	😊	😊	😊
MT	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊
NL	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊
PL	😊	😊	😊	😊	😊		😞	😊	😞	😊	😊	😊	😞	😊
PT	😞	😊	😞	😞			😞	😊	😊	😞	😊	😊	😊	😊
RO	😞	😊	😞	😞	😊	😞	😞	😞	😊	😞	😞	😊	😞	😊
SE	😊	😞	😊	😊	😊	😊	😊	😞	😊	😞	😊	😊	😊	😊
SI	😊	😊	😊	😊	😊	😞	😊	😊	😊	😊	😊	😊	😊	😊
SK	😞	😊	😊	😊	😊	😞	😞	😊	😞	😊	😊	😊	😊	😊
UK	😊	😞	😊	😞	😊	😊	😊	😞	😊	😞	😊	😊	😊	😊

Notes to table: a) EL: there is only a pilot MI scheme, so no entry in “evolution over time” column; b) ES and IT: in this summary table, it is not possible to classify all the regional schemes separately. Thus, the entry relates to the experts’ assessment for the majority of schemes in the country unless otherwise specified. For the assessment of individual regional schemes, see Annex 1a or go to country reports; c) NL and IT: for the “Take-up” column, the 😊 assessment for NL relates to social assistance (additional social benefits rate 😊) and the 😐 in both the “Assessment” and Evolution over time for IT refers only to the NSC scheme; d) Some countries have not completed the “Take-up” row because of lack of available information; f) IT: the assessment

of "Impact on poverty reduction (1)" and of "Link to ALMP" relates to the TN scheme; the assessment of "Impact on poverty reduction (2)" is incomplete because of lack of information on all 10 MI schemes.

Non-EU countries

	Adequacy		Coverage		Take-up		Impact on poverty reduction (1)		Impact on poverty reduction (2)		Link to ALMP		Link to quality services	
	Now	Evol.	Now	Evol.	Now	Evol.	Now	Evol.	Now	Evol.	Now	Evol.	Now	Evol.
CH	😊	😊	😊	😊	😊	😊					😊	😊	😊	😊
IS	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊
LI	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊
MK	😞	😊	😊	😞	😊	😊	😞	😊	😞	😊	😊	😊	😊	😊
NO	😊	😞	😊	😊	😊	😊	😊	😞	😊	😊	😊	😊	😊	😊
RS	😞	😊	😊	😊	😊	😊	😊	😊	😊	😊	😞	😊	😊	😊

Notes to table: a) CH: the expert has not been able to make an assessment of the impact on poverty reduction;
b) TR has not completed the table as there is no MI scheme (see above);

Annex 2: A comparison of minimum income schemes in European countries using MIPI data³⁸

Jonathan Bradshaw³⁹ and Sarah Marchal⁴⁰

Introduction to MIPI

MIPI⁴¹ is a model family data base of the tax and benefit systems in Europe. The project was a development from earlier similar model family comparisons undertaken at the University of York for the situation in 1992⁴² and 2001. The first MIPI collection was of the situation in 2009⁴³ and it has been updated to the situation in January 2012. The 2009 and 2012 data collections furthermore extended the number of included countries. Therefore, MIPI now covers all EU Member States with the exception of Cyprus, Malta and Croatia. It also includes Norway, three US States and Korea. With a few exceptions, simulations for Western European countries are available for 1992, 2001, 2009 and 2012; for other countries simulations generally refer to 2001, 2009 and 2012.

MIPI collects data on the tax benefits payable to five standard household types:

- Singles
- Couples
- Couples with two children (aged 7 and 14; their equivalence size [OECD-modified scale] to be used for the 60% median poverty risk threshold [AROP] is therefore $1+0.5+0.5+0.3=2.3$)
- Single parents with two children (aged 7 and 14; their equivalence size [OECD-modified scale] is therefore $1 + 0.5 + 0.3 = 1.8$)
- Single parents with one child (2 years old; their equivalence size [OECD-modified scale] is therefore $1+0.3=1.3$). This case takes account of childcare costs and subsidies.

In this analysis, we have excluded the lone parents with two children. Couples are married. The lone parent is divorced. Adults are assumed to be 35 years old.

This analysis of minimum incomes is concerned with two of the five income cases covered by MIPI:

- One-earner family, with the full-time earner remunerated at minimum wage. In some countries no official minimum wage exists. In these cases, respondents were asked to select an approximation of the absolute wage floor. Examples include the sectoral minimum wage in a low-paid sector (Italy, Denmark and Finland), a policy proposal (Germany) or a national minimum wage agreement between representatives of the social partners (Austria).
- Able-bodied minimum income recipient of working age and his/her family. Adults do not have income from work and are not or no longer eligible for insurance-based unemployment benefits. We do assume that they are available to work.

³⁸ These data were compiled to assist ESPN national experts when drafting their national reports. Readers should note that the data in these tables are from 2012 and in some countries (e.g. DK) there have since been major reforms that are not reflected in these data and may then affect the assessment of adequacy of the current MI schemes.

³⁹ ESPN Coordinator for the UK.

⁴⁰ Sarah Marchal, CSB, University of Antwerp.

⁴¹ Van Mechelen, N., Marchal, S., Goedemé, T., Marx, I. and Cantillon, B. (2011), *The CSB-Minimum Income Protection Indicators (MIPI) dataset*, CSB Working Paper No. 11/05, Antwerp: University of Antwerp.

⁴² Bradshaw, J.R., Ditch, J., Holmes, H. and Whiteford, P. (1993), *Support for Children: A comparison of arrangements in fifteen countries*, Department of Social Security Research Report No.21, HMSO: London.

⁴³ Marx I. and Nelson, K. (eds.) (2013), *Minimum Income Protection in Flux*, Houndmills, Basingstoke, Hampshire: Palgrave Macmillan.

We furthermore assume that the model families do not have savings, nor do they have income other than the ones specified and those obtained through the application of the tax benefit rules.

Also, the model families are assumed to be tenants. MIPI has two housing costs scenarios. This analysis has taken scenario A: 2/3 of median housing costs are assumed. Housing costs were estimated by the CSB MIPI team based on EU-SILC (rent levels; other housing costs are not taken into account).

The data are simulated by national experts, following detailed assumptions to facilitate cross-national comparison. The precise instructions are added in the annex to this Annex 2.

If additional assumptions were necessary, respondents were asked to select options that reflect *minimal* income situations. The aim of the simulations was expressly to gauge the level of the income *floor*.

Results

The analysis takes account of net disposable income packages: the gross earnings (in the case of the minimum wage case), less income tax and less social insurance contributions, plus housing benefits, plus heating benefits, less local taxes, plus non-contributory rights-based benefits to which the model family is eligible, in particular social assistance and income and non-income tested child/family benefits. In the case of the working lone parent, the resulting net disposable income package takes account of gross full-time childcare costs for the most common form of childcare for a child aged 2 years.

Table A1 presents the results for the social assistance case in local currency cash terms, in € purchasing power parities as well as a percentage of the at-risk-of-poverty threshold derived from EU SILC for 2013 (income 2012). Greece has no social assistance scheme, whereas in Spain and Italy, minimum income protection is a regional or local responsibility. **It should be noted that the MIPI simulations for Spain and Italy refer to the situation in respectively Catalonia and Milan, both relatively generous localities.** The Austrian minimum income scheme has become more harmonised since the 2010 reform. Denmark, Ireland and the Netherlands are the only countries where net income packages at social assistance reach the at-risk-of-poverty [AROP] threshold, at least for some model families. The packages already take account of additional non-discretionary benefits, such as housing allowances (see above). Often, a separate application is necessary for these benefits.

Table A2 presents the results for the minimum wage case. More countries now have families with incomes above the AROP threshold but in most countries and for most cases incomes are still below the AROP threshold. Minimum wages clearly do not suffice to protect against the risk of poverty when there are more people depending on this income.

Table A3 presents the “notional replacement rates”, i.e. the net social assistance compared (in %) with net incomes in employment (for one earner on the minimum wage). Couples and families with children in Denmark, families with children in Portugal, couples with children in Sweden, lone parent families in Spain, families with children in Latvia and couples and lone parent families in Ireland have high notional replacement rates that indicate that the families may be better off financially not working. An important remark is that the simulations for couples are based on breadwinner families, with a non-working spouse. In some of these countries, the model family would be eligible for a social assistance top-up – leading to a higher income for the working case, and hence also higher financial incentives - if the spouse was actively looking for work.

Table A4 presents the purchasing power parities used.

Table A1: Net income on social assistance (2012 [for EU-SILC: 2013 survey year])

	Social assistance local currency				Social assistance € PPPs				Social assistance as % 60 per cent threshold			
	single	couple	C2C	LP1C	single	Couple	C2C	LP1C	single	couple	C2C	LP1C
AT	9807	14019	24620	14602	9271	13252	23274	13804	74	71	81	85
BE	9182	12263	17979	14281	8394	11210	16435	13054	71	63	61	85
BG	875	1335	2904	1951	914	1395	3036	2039	25	26	37	44
CZ	77608	102292	158556	121804	4142	5460	8463	6501	67	59	59	81
DE	6828	10428	18204	11672	6705	10240	17876	11461	58	59	67	76
DK	99434	190060	263009	176705	9411	17989	24894	16725	83	105	95	113
EE	2264	3001	4809	2857	2833	3754	6016	3574	57	51	53	56
EL	0	0	0	0	0	0	0	0	0	0	0	0
ES	5023	5679	7894	7157	5260	5946	8266	7494	62	47	42	68
FI	9538	14037	21203	13843	7695	11324	17105	11168	68	67	66	76
FR	8573	11515	16650	13349	7857	10554	15260	12234	68	61	58	82
HU	321800	349400	955612	638540	1799	1954	5343	3570	41	30	53	62
IE	13884	20530	26989	17270	12071	17849	23465	15015	121	120	103	116
IT	5579	8315	11895	8795	5338	7956	11381	8415	59	59	55	72
LT	4200	7560	13690	7622	1846	3323	6018	3351	43	52	61	60
LU	16916	24798	36073	22655	13889	20360	29618	18601	85	83	78	87
LV	819	1299	2379	1719	1569	2489	4559	3294	29	31	37	47
NL	11396	16208	20774	17155	10543	14995	19220	15872	91	86	72	106
NO	111036	151164	223032	154668	9328	12699	18736	12993	58	52	50	62
PL	3804	5090	11052	10444	1560	2088	4532	4283	29	26	37	62
PT	2118	3710	6683	3697	2445	4282	7713	4267	43	50	59	58
RO	1309	2509	4489	2509	512	981	1755	981	24	30	35	35
SE	84720	114240	213276	125112	7579	10220	19079	11192	61	55	67	70
SI	3963	5905	11088	6565	4662	6946	13043	7723	56	55	68	71
SK	1420	2381	4010	2769	1985	3328	5607	3871	35	39	43	53
UK	5716	7719	15357	10017	6541	8833	17573	11462	60	54	70	81

Source: CSB MIPI Version 3/2013; Eurostat (PPP: final household consumption from <http://ec.europa.eu/eurostat/web/purchasing-power-parities/data/database>; last accessed 21/2/2014; at-risk-of-poverty [AROP] thresholds 2013, income years 2012 from <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>, last accessed 18/9/2015)

Table A2: Net income of a one earner family on the minimum wage (2012)

	Net minimum wage local currency				Net minimum wage € PPPs				Net minimum wage as % 60 per cent threshold			
	single	couple	C2C	LP1C	single	Couple	C2C	LP1C	single	couple	C2C	LP1C
AT	12773	14868	24620	21452	12075	14055	23274	20279	96	75	81	125
BE	15248	17867	22724	16797	13938	16332	20772	15354	118	92	77	100
BG	2562	2562	3836	2482	2678	2678	4009	2594	75	50	49	56
CZ	103756	118492	202668	145720	5538	6325	10817	7778	89	68	76	97
DE	11911	14028	21923	12258	11697	13775	21528	12037	101	80	81	80
DK	135655	148570	170434	154023	12840	14062	16132	14578	113	82	62	99
EE	2960	3334	5142	3558	3703	4170	6432	4451	75	56	57	69
EL	7865	8393	9017	8139	8461	9029	9701	8756	157	111	78	125
ES	8302	8302	8593	6866	8693	8693	8997	7189	102	68	46	65
FI	14557	14788	23003	19114	11744	11930	18558	15420	104	71	72	105
FR	13422	16977	23223	18817	12301	15559	21284	17246	107	90	80	115
HU	760980	781080	1306340	924960	4255	4367	7304	5172	97	66	72	91
IE	15781	15807	28351	13312	13721	13743	24650	11574	138	92	108	90
IT	11206	12494	15856	14217	10722	11954	15171	13602	119	88	73	116
LT	8142	8142	15254	8946	3579	3579	6706	3933	84	56	68	71
LU	19848	29880	41795	25287	16296	24533	34316	20762	99	100	91	97
LV	1656	1866	2247	1134	3173	3576	4306	2173	59	44	35	31
NL	14931	17013	21580	19176	13814	15741	19965	17741	119	91	75	118
NO	186092	198790	229070	213950	15633	16700	19243	17973	97	69	52	86
PL	13676	14710	19276	10599	5608	6032	7905	4346	105	76	65	63
PT	5887	5780	6585	4311	6795	6672	7601	4975	120	79	58	68
RO	6169	6361	8353	5845	2412	2487	3266	2285	112	77	66	81
SE	149949	149949	194949	190252	13414	13414	17440	17020	109	72	61	106
SI	7855	8358	12835	8440	9239	9831	15098	9928	110	78	78	91
SK	3447	4034	6156	5082	4819	5640	8606	7105	85	67	66	97
UK	9719	11405	19109	13445	11121	13050	21866	15385	102	80	87	109

Source: CSB MIPI Version 3/2013; Eurostat (PPP: final household consumption from <http://ec.europa.eu/eurostat/web/purchasing-power-parities/data/database>; last accessed 21/2/2014; AROP thresholds 2013, income years 2012 from <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>, last accessed 18/9/2015)

Table A3: Social assistance relative to net income at minimum wage, 2012

	single	couple	couple with two children	lone parent with two children
AT	77	94	100	68
BE	60	69	79	85
BG	34	52	76	79
CZ	75	86	78	84
DE	57	74	83	95
DK	73	128	154	115
EE	76	90	94	80
EL	0	0	0	0
ES	61	68	92	104
FI	66	95	92	72
FR	64	68	72	71
HU	42	45	73	69
IE	88	130	95	130
IT	50	67	75	62
LT	52	93	90	85
LU	85	83	86	90
LV	49	70	106	152
NL	76	95	96	89
NO	60	76	97	72
PL	28	35	57	99
PT	36	64	101	86
RO	21	39	54	43
SE	56	76	109	66
SI	50	71	86	78
SK	41	59	65	54
UK	59	68	80	75

Note: NO and SE: no proxy of the minimum wage available, simulations are based on a wage equal to 50% of the average wage.

Source: CSB MIPI Version 3/2013

Table A4: Purchasing power parities, EU Member States, 2012

Country	Purchasing power parity
AT	1.057850
BE	1.093980
BG	0.956767
CZ	18.735200
DE	1.018360
DK	10.565200
EE	0.799416
EL	0.929539
ES	0.955034
FI	1.239560
FR	1.091120
HU	178.852000
IE	1.150150
IT	1.045190
LT	2.274730
LU	1.217960
LV	0.521711
NL	1.080860
NO	11.903800
PL	2.438490
PT	0.866406
RO	2.557760
SE	11.178400
SI	0.850150
SK	0.715280
UK	0.873920

Source: Eurostat (from <http://ec.europa.eu/eurostat/web/purchasing-power-parities/data/database>; last accessed 21/2/2014)

Annex 3: Some information on age limits for MI schemes

In Section 1.2.2, it is mentioned that the most common types of eligibility conditions relate to: lack of financial resources, not having assets above a certain limit, nationality/citizenship and/or residence, willingness to work (unless prevented on health grounds), age (e.g. 18+ or 25+) and having exhausted rights to any other (social) benefits.

One of these conditions, the age at which people become eligible, is a complex area with many different national variations. The table below is an **initial attempt** to document this issue and is based on information collected from ESPN experts during the process of compiling this report. It is an area that could merit more detailed examination in the future.

The table shows that: a) just under half of countries have no age limit for receiving MI; and b) in countries where there is an age limit, these limits range from 18+ to 28+ (and there are often exceptions for specific groups).

AGE LIMIT	COUNTRIES	
None	AT, BG, CZ, DE, DK, EE, FI, HR, IE, LI*, LV, MK, NO, RS, SI	
18+	BE	Except for family heads below 18
	CH	Lower amounts for 18-25 year olds living alone
	EL	Except for young persons up to 25 years old who are not married and are either still in education, or registered in the Manpower Employment Organisation (OAED) as unemployed, or serving their compulsory military service. These young persons are treated as dependent members of their parents' families
	HU	No additional qualifications
	IS	No additional qualifications
	IT	In 4 Italian MI schemes (Puglia, Basilicata, Sardegna and Sicilia) as over 18 years, whilst the presence of at least one minor (i.e. a child aged less than 18 years) is a mandatory eligibility condition for households that apply for the New Social Card
	LT	2 main exceptions: 1) higher school students up to 24 years are treated as members of their parents' families; 2) youngsters of 16-18 years may be treated separately if they work or have their own family
	NL	For the age group 18–27 the Participation Act (social assistance) differs from those who are 27 and older. For instance, municipalities are obliged to offer young people under the age of 27 (in other words people aged 18-26) a range of work and study opportunities and to develop a safety net for those who seek assistance that is cheaper than social assistance (for instance going back to school). Only when there is no alternative they can enter the MI scheme (receive social assistance)
	PL	18+ ("legal age of majority") is set for permanent benefits. No clear age limits for temporary or one-off benefits
	PT	Except if pregnant, married or cohabiting for more than 2 years or if the person has children depending on her/him
21+	RO	The minimum age limit of 18 years applies for single persons. Yet, there are exceptions to this rule. As long as the person has dependent children and is either divorced, unmarried or the husband/ wife left, she/he is eligible to apply. However, the definition of eligible families – married or unmarried, with dependent children – does not specify any age limit (it implies that the legal marriage age of 16 is taken into account)
	UK	People cannot get out-of-work MI if they are single and under 18. There are lower rates of benefit for under 18s and under 25s
23+	SE	Persons aged 18-20 and still in basic or secondary education are included in their parents' household (who might or might not fulfil the strict eligibility rules). This should normally be the case irrespective of whether or not the person lives with any of their parents. However, if the parents do not fulfil their duty to a child aged 18 but below 21 it should be possible for the child to get social assistance but only under very specific circumstances.
	MT	Persons between 18 and 23 must apply under the Youth Guarantee Scheme. In exceptional circumstances, persons under 18 may apply for non-contributory benefits and each case is assessed on its merits

AGE LIMIT	COUNTRIES	
25+	ES	Most regional schemes limit access to people under 25 except in Basque country and Cantabria (under 23) and Aragon (18)
	FR	25+ and 18+ with limited eligibility conditions
	LU	Exceptions are made for persons raising a child, or for adult persons with work incapacity or taking care of a disabled person
	SK	Young persons aged less than 25 years, who live with their parents and have no income or income below the minimum wage are not eligible for their own benefit in material need nor are children aged 25 and more who live with their parents and attend school (on a daily basis). However, children who live in the household with their parents and have entitlement to unemployment benefits are not considered as part of the household (when assessing eligibility for MI benefit)
28+	CY	The 28 age limit does not apply to married persons, single parents, orphans, disabled persons, people under legal care of director of social welfare

* In LI a person has at least to be old enough to achieve an income from employment so this would mean the person has to be older than 15 years

ANNEX 4: PRESENTATION OF THE EUROPEAN SOCIAL POLICY NETWORK (ESPN)

A. ESPN Network Management Team and Network Core Team

The European Social Policy Network (ESPN) is managed jointly by the Luxembourg Institute of Socio-Economic Research (LISER) and the independent research company APPLICA, in close association with the European Social Observatory.

The ESPN Network Management Team is responsible for the overall supervision and coordination of the ESPN. It consists of five members:

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The ESPN Network Core Team provides high level expertise and inputs on specific aspects of the ESPN's work. It consists of 14 experts:

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ANNEX 5: COUNTRIES' OFFICIAL ABBREVIATIONS

A. EU countries

EU countries prior to 2004, 2007 and 2013 Enlargements (EU-15)		EU countries that joined in 2004, 2007 or 2013	
BE	Belgium	<i>2004 Enlargement</i>	
DK	Denmark	CZ	Czech Republic
DE	Germany	EE	Estonia
IE	Ireland	CY	Cyprus
EL	Greece	LV	Latvia
ES	Spain	LT	Lithuania
FR	France	HU	Hungary
IT	Italy	MT	Malta
LU	Luxembourg	PL	Poland
NL	The Netherlands	SI	Slovenia
AT	Austria	SK	Slovakia
PT	Portugal	<i>2007 Enlargement</i>	
FI	Finland	BG	Bulgaria
SE	Sweden	RO	Romania
UK	United Kingdom	<i>2013 Enlargement</i>	
		HR	Croatia

In EU averages, countries are weighted by their population sizes.

B. Non-EU countries covered by the ESPN

Former Yugoslav Republic of Macedonia (MK), Iceland (IS), Liechtenstein (LI), Norway (NO), Serbia (RS), Switzerland (CH), Turkey (TR).

