



## **Achieving effective Minimum Income and Active Inclusion policies in the EU: What the European Union can contribute**

**Social Platform Response to Commission Communication 'Concerning a consultation on action at EU level to promote the active inclusion of the people furthest from the labour market' COM (2006)44 final, 08.02.2006**

***Background:** In 2005, the European Commission announced that it would organise a consultation on improving the effectiveness of minimum income schemes in combating poverty and social exclusion, promising a Community initiative on minimum income schemes. The Communication to which this paper responds launches the consultation, focusing on how to promote the integration into the labour market of the most excluded groups, including through using minimum income schemes.*

*This paper was developed by Social Platform members with the support of the Secretariat and approved by the Management Committee 19 April 2006. A number of Social Platform member organisations are also replying to the consultation and this paper should be read in conjunction with those responses.*

### **SOCIAL PLATFORM KEY RECOMMENDATIONS**

**1. Minimum Income:** The Commission should organise an open reflection on whether a directive would be a suitable way of supporting the development of policies in the Member States to ensure an adequate income for all. This reflection should ensure the participation of all relevant stakeholders including social NGOs and people from the most excluded groups in society. An in-depth evaluation of the effectiveness of minimum income schemes in the Member States, and ways to improve effectiveness, should also be carried out.

**2. Active Inclusion:** The EU should adopt a set of Basic Requirements relating to achieving effective 'Active Inclusion' policies (which include minimum income). These Basic Requirements for Effective Action Inclusion Policies would serve to guide the policies of the Member States in the fields of employment, social inclusion and social protection, including within relevant existing EU processes. They should be modelled on the approach to active inclusion set out in this paper by social NGOs, of which the primary aim is to enable people to live in dignity.

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### **Annex: Exploration of Basic Requirements for Effective Active Inclusion Policies**

#### **Background: What is minimum income?**

*The purpose of minimum income, or social assistance, is to guarantee a basic level of resources to those who are temporarily or permanently unable to support themselves, as a means of preventing (or reducing) the risks of poverty. In some countries there is also an explicit aim of reintegrating recipients of minimum income into the labour market, or into society more generally. Minimum income is a non-contributory benefit and should not be confused with contributory benefits such as unemployment benefits, although these are also important for guaranteeing adequate income.*

#### **A) EU action is long overdue**

The Communication asks 'Given the challenge for Member States to address social inclusion and in particular the integration of people furthest from the labour market, is there a need for further action at EU level...? Is there any justification for action at EU level?'

**The Social Platform believes there is a clear need, and justification, for EU action on minimum income in particular, and on active inclusion more broadly.**

In 1992, Member States committed to take measures in their country in order to implement the right of every person 'to sufficient resources...to live in a manner compatible with human dignity'.<sup>1</sup> This was built on in 2000 with agreement at the Lisbon European Council on the goal to eradicate poverty and social exclusion and the establishment of the social inclusion strategy.

Not nearly enough progress has been made towards achieving these goals and the EU still faces huge problems with poverty and social exclusion. Around 15% of people in the enlarged Europe Union are living at risk of poverty<sup>2</sup>, and inequalities are rising. Enlargement to 25 (and soon 27) Member States has changed the nature of the problems of poverty and exclusion which the EU has to grapple with. The breadth and depth of the challenges lend even more urgency to the need to re-assess action at EU level and discuss a way forward for everybody. It is clear that economic growth alone does not automatically achieve improvements in the social situation, especially for the least well off.

Social NGOs therefore welcome the Communication and the spotlight it puts on the most excluded groups in society. In particular, the recognition that employment can never provide the only solution to eradicating poverty and social exclusion is extremely important. The challenge now is to ensure that the Communication leads to concrete action at EU level which helps achieve tangible impacts on people's lives.

Social NGOs also welcome the extension of the consultation beyond the trade unions and employers' organisations. Social NGOs working with or directly representing those 'furthest from the labour market' and the most vulnerable groups in society have an important contribution to make. They can help ensure that policy approaches adopted at EU level genuinely contribute to eradicating poverty and social exclusion in Europe and bring positive changes to the lives of those concerned.

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<sup>1</sup> 92/441/EEC: Council Recommendation of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems

<sup>2</sup> ie have an income lower than the poverty threshold in the country in which they live.

## **B) What should the EU do?**

The Communications asks '*... what are the most useful ways by which the EU could complement and support the action at national level?.... How should the EU build on the common ground agreed in the 1992 Recommendation to promote the rights and access to services needed for the integration of excluded people, taking into account the relevant policy innovations?*'

The EU should take action in this area to contribute to high and comparable social standards throughout the European Union, while respecting the competence of Member States. Supporting the development of more effective minimum income and active inclusion policies in all Member States, based on the approach outlined in this paper, would be an important step towards achieving this.

### **■ KEY RECOMMENDATIONS**

#### **1. Organise an open reflection on a possible EU directive on Minimum Income**

Minimum income (social assistance) schemes are an essential tool for preventing poverty and social exclusion. But evidence shows that in many Member States minimum income schemes are ineffective in achieving these aims, while three Member States have no minimum income scheme at all<sup>3</sup>.

There is a genuine potential to help resolve problems through coordinated action at EU level. This should build on the 1992 Council Recommendation referred to above which gave practical guidelines to Member States on how to implement the right to sufficient resources within their social protection systems.

A specific EU initiative on minimum income should be considered, to help achieve EU goals such as a high level of social protection, equality between women and men, raising of the standard of living and quality of life, social cohesion and the combating of exclusion<sup>4</sup>. It is also important to avoid competition between Member States on their social standards, such as social assistance levels, which can encourage a damaging race to the bottom.

Such an initiative could take the form of a directive, but further consideration is required before any decision on the best way to move forwards. The Social Platform recommends that the Commission organise a broad reflection with the participation of all relevant stakeholders. At the same time the Commission should lead a rigorous evaluation of the effectiveness, efficiency and equity of minimum income schemes in the Member States, and more detailed work on how to improve them, including on the defining and updating of thresholds for minimum income.

#### **2. Adopt EU Basic Requirements for Effective Active Inclusion Policies**

Action on minimum income should form part of a broader approach to 'active inclusion', particularly in the context of ongoing debates at EU level around issues such as 'flexicurity' in employment and social protection policies. The long-term success of social protection and labour market reforms will depend on ensuring that policies are not determined simply by a drive to cut costs. The EU should play a proactive role by supporting Member States to develop policies which enable all to live a dignified life and participate in society.

Building on the 1992 Recommendation, the European Council should adopt Basic Requirements for Effective Active Inclusion policies. The Requirements should set out the different elements of an approach to active inclusion (including minimum income). The Requirements would be used as guidelines to Member States as to how to improve their relevant social protection and employment policies, including within existing

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<sup>3</sup> Italy, Greece and Hungary

<sup>4</sup> All of these objectives are included in the current Treaties

relevant EU processes (see point 3 below). A transparent and participatory process should be set up to develop these Basic Requirements, including the involvement of social NGOs.

The Basic Requirements should be accompanied by indicators enabling measurement of the impacts of active inclusion policies for people furthest from the labour market. These will serve to help monitor and compare progress and evaluate the success of different types of measures.

'Active inclusion' must be defined as an approach which places the right of people to live in dignity at the heart of policies. This should be the primary goal, and not employment, especially as employment is not a viable option for many. It is within the context of an empowering environment which supports rather than penalises people, which acknowledges and fosters people's strengths and capacities, and values all forms of participation in society, that people who are furthest from the labour market will be able to participate. Social NGOs agree with the Communication that '*The benefits of ... activation measures should not be measured only in terms of immediate employment effects*'.

'Active inclusion' must prioritise efforts to ensure effective minimum income schemes in the context of broader strategies to guarantee adequate income, and to ensure access for all to high quality services, to support inclusion. 'Active inclusion' is also linked to ensuring decent jobs which provide a sufficient income, and eliminating obstacles to employment. Finally policies for 'active inclusion' must be developed with the participation of all relevant stakeholders including those groups particularly targeted by the policies. Social NGOs' approach to active inclusion is further developed in the Annex.

Below is a suggestion for Basic Requirements as a first contribution to the debate from social NGOs, based on their experience and expertise in this area. These outline the kind of approach which NGOs believe is necessary in order to ensure policies which are effective in enabling everyone to participate in society and to have a dignified life. An exploration of the approach on which these Requirements are based, and the kinds of policies needed in order to implement them, is attached in the Annex on pages 7 – 9.

*Model Basic Requirements for Effective Active Inclusion Policies  
(including minimum income)*

- (i) The primary aim of active inclusion policies must be to enable people to to live in dignity and to participate in society as well as the labour market, and to implement fundamental rights.*
- (ii) Ensuring an adequate income for all to ensure a dignified life, unrelated to employment, must be prioritised especially through the development of effective minimum income schemes.*
- (iii) Active inclusion policies must provide specific support measures and services to accompany people into work and other activities in society.*
- (iv) Access for all to high quality services, such as social, health, educational and transport services, must be guaranteed as a core pillar of active inclusion policies.*
- (v) Active inclusion policies must go hand in hand with improving the quality and quantity of jobs and eliminating barriers to employment including discrimination.*
- (vi) Active inclusion policies require the participation of those concerned in determining their futures and developing the policies which affect them*

## ■ SUPPORTING RECOMMENDATIONS

### 3. Integrate the Basic Requirements for Effective Active Inclusion Policies, and outcomes of work on minimum income, into activities in the framework of the OMC on Social Protection and Social Inclusion (SPSI), and in the European Employment Strategy (EES).

The policies needed to achieve effective minimum income and active inclusion fall within both the social inclusion/social protection policy field, and the employment policy field. Close coordination between the two policy fields is necessary. It is important for the Basic Requirements, as well as in-depth work on minimum income as described in point 1, to be used both in the Employment Strategy, which is now part of the 'Jobs and Growth' revised Lisbon Strategy, and in the OMC on SPSI. In particular:

- Work recommended in this paper on minimum income and active inclusion should be used to complement the objectives within the OMC on SPSI, which are more general. In particular they could strengthen work on objectives d, e, f, g and j<sup>5</sup>;
- Exchange of best practice on active inclusion for people furthest from the labour market, and minimum income, should be carried out within the Employment Strategy processes and the OMC on SPSI processes, preferably jointly. The peer review on minimum income in old age being carried out in the pensions process within the OMC on SPSI is a good example of where this has already started happening;
- Employment Guidelines 19 and 21<sup>6</sup> are particularly relevant to inclusion of those furthest from the labour market. These should not be seen purely as 'labour market' issues but rather as closely linked to social protection and social inclusion, and therefore the relevant stakeholders (including the SPC and social NGOs) should be involved in all activities relating to these guidelines;
- However, these Guidelines do not adequately reflect the broader approach needed for successful active inclusion. Consideration should be given to developing a new, specific guideline on active inclusion which would be included in the Employment Guidelines (and therefore in the next round of Integrated Guidelines to guide the National Reform Programmes);
- The SPC and EMCO should systematically coordinate their activities and policy approaches in relation to active inclusion and minimum income;
- Indicators should be developed to measure and evaluate active inclusion measures for people furthest from the labour market, and effectiveness of minimum income schemes. These indicators should be developed with the participation of social NGOs and the people targeted by policies.

**4. 'Flexicurity' approaches encouraged at EU level must be designed to support active inclusion of more vulnerable groups.** The Commission has announced that it will organise an extraordinary social summit and present a report by the end of 2007 on the balance between flexibility and employment security ("flexicurity"). Flexicurity policies should be designed in a way so as not to increase insecurity for more vulnerable groups in relation to the labour market, including the 'working poor'. The

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<sup>5</sup> Commission Communication: "Working together, working better: A new framework for the OMC of social protection and inclusion policies in the European Union" COM(2005) 706 final", Point 2.2: d) Ensure the active social inclusion of all by promoting participation in the labour market and by fighting poverty and exclusion among the most marginalised people and groups; e) Guarantee access for all to the basic resources, rights and social services needed for participation in society, while addressing extreme forms of exclusion and fighting all forms of discrimination leading to exclusion; f) Ensure that social inclusion policies are well-coordinated and involve all levels of government and relevant actors... and that they are gender mainstreamed; g) In the spirit of solidarity and fairness between and within generations, guarantee adequate retirement incomes for all and access to pensions which allow people to maintain, to a reasonable degree, their living standard after retirement; j) Guarantee access for all to adequate health and long-term care and ensure that the need for care does not lead to poverty and financial dependency. Address inequities in access to care and in health outcomes.

<sup>6</sup> Guideline No 19 : Ensure inclusive labour markets, enhance work attractiveness and make work pay for job-seekers, including disadvantaged people, and the inactive. Guideline No 21: Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners

Commission should make close links between 'active inclusion', minimum income and 'flexicurity' as it prepares for the social summit and develops its report<sup>7</sup>.

5. Member States should implement fully the **European Youth Pact** to which they have signed up.
6. In light of the Commission's Roadmap for equality between women and men 2006-2010 and the Member States' commitment to the **European Pact for Gender Equality**, special attention must be paid to specific measures for gender equality in all active inclusion strategies, especially since women suffer disproportionately from poverty and exclusion.
7. The **High Level Group on Social and Labour Market Integration of Ethnic Minorities**<sup>8</sup> should input to the follow up to the current Communication and the development of Basic Requirements. Inclusion policies should be designed taking into account the need to promote the social inclusion of ethnic minorities, including through guaranteeing an adequate income, access to services, and access to decent work.

### C) Conclusion

Social NGOs believe that the EU now has an opportunity to demonstrate to citizens, and to the rest of the world, its commitment to supporting a strong and thriving European social model. Fourteen years on from the 1992 Recommendation, concerted action on minimum income is more necessary than ever to implement the right of every person in the EU to a sufficient income to live in a manner compatible with human dignity. As debates continue on social protection and employment reforms more generally, placing this within a broader context is also essential through leadership on an effective approach to active inclusion. Social NGOs urge EU leaders to provide a robust response to these challenges, and are fully committed to supporting the work proposed in this paper.

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The Platform of European Social NGOs (the Social Platform) is the alliance of representative European federations and networks of non-governmental organisations active in the social sector, promoting social justice and participatory democracy by voicing the concerns of its member organisations. The Social Platform and its members are committed to the advancement of the principles of equality, solidarity, non discrimination and the promotion and respect of fundamental rights for all, within Europe and in particular the European Union.

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<sup>7</sup> The Social Platform has written more extensively on the issue of flexicurity in a position paper which can be downloaded at: [http://www.socialplatform.org/module/FileLib/06-01VillachInformalCouncilContribution\\_ENFINAL.pdf](http://www.socialplatform.org/module/FileLib/06-01VillachInformalCouncilContribution_ENFINAL.pdf)

<sup>8</sup> [http://europa.eu.int/comm/employment\\_social/fundamental\\_rights/spot/march06\\_en.htm#high](http://europa.eu.int/comm/employment_social/fundamental_rights/spot/march06_en.htm#high)

## **Annex:**

### **Exploration of Basic Requirements for Effective Active Inclusion Policies**

This section provides a first exploration of the approach active inclusion which is summed up in the Social Platform proposals for Basic Requirements, including more in-depth comments on the subject of minimum income, for which the Platform proposes a separate initiative. It outlines the kind of policies which NGOs believe are necessary to enable everyone to participate in society and to have a dignified life. This is not a comprehensive analysis or body of recommendations and should not be taken as such.

*1. The primary aim of active inclusion policies must be to enable people to live in dignity and to participate in society as well as the labour market, and to implement fundamental rights.*

Policies should create an empowering environment which supports people and values all forms of participation in society, enabling all to enjoy their fundamental rights as summed up in human rights instruments including the EU's Charter of Fundamental Rights and the (Revised) European Social Charter of the Council of Europe.

Poverty and social exclusion result from a combination of different factors which means a multi-dimensional approach is necessary. For example, adequate housing, sufficient and stable resources to continue living in dignity or support for dealing with a mental health problem are prerequisites for social integration and well-being.

Employment should be seen as only one solution within a broader strategy to achieve social inclusion. While employment can play an important role in preventing poverty and social exclusion, employment is often not a viable option for groups who are furthest from the labour market, for a variety of reasons.

Other forms of social participation should be equally valued alongside formal employment. Support to participate in society may result in paid employment, but it may result in other forms of participation such as volunteering and other types of non-remunerated work.

*2. Ensuring an adequate income for all to ensure a dignified life, unrelated to employment, must be prioritised especially through the development of effective minimum income schemes.*

The European Council stated in the 1992 Recommendation on common criteria concerning sufficient resources and social assistance in social protection systems that *'people with insufficient, irregular and uncertain resources are unable to play an adequate part in the economic and social life of the society in which they live and to become successfully integrated economically and socially; the right of the least privileged to sufficient, stable and reliable resources should therefore be recognised as part of a consistent, overall policy for supporting their integration'*.

Providing an adequate income is an investment to enable participation. The nature of today's labour market, where many jobs are low paid and insecure makes effective income protection particularly essential. This also boosts employment integration as it helps people to deal with the risks associated with the flexible labour market.

Significant improvements are needed to guarantee adequate income through effective minimum income schemes. Evidence shows that major efforts are still needed on this front. Three Member States have no minimum income scheme at all, and in those that do they are often ineffective in preventing poverty and social exclusion. As the Communication recognises, *'the specific designs and delivery provisions of social assistance services and in particular of MI schemes are very important in determining their effectiveness...There is a real concern with the effectiveness of MI schemes'*. The situation is particularly worrying in new Member States.

In particular, work on minimum income at EU and national levels needs to include evaluation of and actions to improve: Level of minimum income, as the amount of money provided should be sufficient to allow people to live in dignity; Eligibility and coverage of schemes, as narrow eligibility can prevent minimum income reaching those who need it; Duration of coverage; Eliminating discrimination on the part of officials which can hinder access for some groups; Information about minimum income schemes should be provided to ensure that those who need it are aware of their rights; A supportive approach to accompany income provision (see below); Regular monitoring and evaluation of the effectiveness of schemes.

*3. Active inclusion policies must provide specific support measures and services to accompany people into work and other activities in society.*

Many Member States use 'activation' or 'active labour market' policies. These aim to increase employment levels by designing social protection policies which encourage people to work – for example by making receipt of benefits conditional on availability for work. Activation policies take different forms in different countries, but can be broadly categorised into two types of approaches: those which aim for social inclusion and professional mobility by empowering benefit claimants, and those which 'force' people into badly paid, low-quality jobs through strict conditionality and low levels of social protection. This distinction between different approaches to 'activation' is important.

Successful strategies for inclusion require measures which empower people to develop their skills and competencies as well as physical and mental health, establish social contacts, and improve feelings of participation and citizenship. These strategies should be genuine "pathways" approaches, providing people with personalised assistance and integrated support mechanisms, into work and/or other forms of inclusion. These include, for example, vocational training, education, subsidised employment, work placement, group activities, psychological support, language-learning skills and so on.

The supportive approach is central to the Danish model, for example. In some other countries, activation measures have tended to take the latter approach which serves mainly to stigmatize the people concerned, and can force people into low-paid, bad quality jobs. It also creates a negative relationship between public authorities and citizens, which is counter-productive.

The supportive activation, 'pathway' approach is especially essential for the inclusion of those who are furthest from the labour market and with the most serious needs, such as people with health problems, lone parents with little support, or immigrants with poor language skills, as it offers solutions tailored to individual needs. The road to employment can be fraught with difficulties and a step-by-step approach is needed.

This also means moving away from a language of blame towards those who are not able to fully participate in society. Instead, the capacities and potential of people should be recognised in order to provide a supportive and empowering environment to promote social integration.

The contribution of the social economy and non-profit social service providers to integrating people into employment must also be recognised and fostered. For the most remote from the labour market supported employment opportunities provided by the social economy, or volunteering within a non-profit organisation can be a useful path towards integration.

*4. Access for all to high quality services, such as social, health, educational and transport services, must be guaranteed as a core pillar of active inclusion policies.*

Access to high quality services – including social, educational and health services as well as others - is a central pillar of active inclusion policies, as recognised in the Communication. Services play a crucial role in supporting people to participate in society and combating poverty and exclusion. Many of those furthest from the labour market have difficulty achieving social or employment integration without tailored support services for adequate housing, dealing with addiction or mental health problems, improving self-esteem, or developing skills and capacities, for example.

Resources should be mobilised to ensure quality services. This should be seen as an investment in the users of the services and in society at large. Services, such as the social services sector, also make a significant contribution to employment creation and the economy.

Discrimination and other obstacles to accessing services should be addressed. This includes designing services in ways which take into account the needs of different groups, not least through ensuring the participation of users.

Suitable ways of organising and financing the social services sector need to be ensured. Social services are currently undergoing rapid change, and the drive for 'modernisation' should focus on the optimum way of organising the sector in order to ensure quality and foster the contribution of the social services sector not

only to its users but to society as a whole. Close attention should be paid in this regard to the follow up to the forthcoming Communication on Social and Health Services of General Interest<sup>9</sup>.

*5. Active inclusion policies must go hand in hand with improving the quality and quantity of jobs and eliminating barriers to employment including discrimination.*

There is often a tendency to blame individuals for their situation. In reality, there are often just not enough jobs available, and too many of the jobs which do exist offer low wages and poor working conditions, demonstrated for example by the growing phenomenon of 'working poor'. Furthermore, the trend in 'flexibility' is often used to justify insecure employment with poor conditions, especially at the lower-paid end of the labour market. Women, young people, or ethnic minorities are examples of those most affected by this type of work, as well as many migrant workers who are particularly vulnerable due to their legal status.

Decent working conditions must be ensured. Working hours, health and safety conditions, ability to reconcile work and family life, opportunities for career development and an adequate income are all important elements of quality jobs. Jobs should also provide an income which is sufficient to prevent poverty; in this context the link should be recognised between high levels of minimum income and an upward pressure on minimum wage levels.

Obstacles to accessing employment should be eliminated. Discrimination, a lack of flexibility from employers or failure to take account of specific needs can all prevent those furthest from the labour market from finding a job. Further progress must be made on implementing the EU's 'Article 13' directives on combating discrimination in employment. More efforts are needed to combat discrimination in other areas of life which impacts on ability to take up employment.

Innovative strategies are needed for job creation and designing forms of flexibility in employment which benefit the integration in employment of vulnerable groups, for example drawing on good practice found in the social economy.

*6. Active inclusion policies require the participation of those concerned in determining their futures and developing the policies which affect them*

Good governance is an essential prerequisite to developing policies which are effective in achieving their objectives. The groups targeted by social and employment inclusion policies should be involved in developing the policies to ensure that they respond to the realities of their lives and the challenges they face. Working with social NGOs at national and local levels can be an important way of bringing about this participation.

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<sup>9</sup> A more in-depth analysis of this issue and relevant demands to the EU can be found in the Social Platform's contribution to the Communication of April 2006, at [www.socialplatform.org](http://www.socialplatform.org)