



**socialplatform**

**AN EU FRAMEWORK  
DIRECTIVE ON ADEQUATE  
MINIMUM INCOME**

**Abstract:** Today, all EU Member States provide some form of minimum income scheme. However, most fail to guarantee the individuals concerned a decent standard of living throughout their life cycle.

Social Platform calls for an EU Framework Directive which will ensure that the right to an adequate minimum income becomes a legally binding commitment for all EU Member States.

**Social Platform** is the leading alliance uniting networks of civil society organisations advocating for social justice and participatory democracy in Europe. With a membership of 48 pan-European networks, Social Platform campaigns to ensure that EU policies are developed in partnership with the people they affect, respecting fundamental rights, promoting solidarity, and improving lives.<sup>1</sup>

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## Introduction

Europe is one of the most prosperous regions in the world. From a global perspective, people living in the European Union enjoy some of the best living and working conditions and the most comprehensive social protection systems. Taking it outside the global context, the situation looks different. In 2018, more than 109 million people in the EU were living at risk of poverty and social exclusion. This amounts to 21.7% of the population – approximately one in five people. Moreover, certain groups are disproportionately affected by the prevalence of poverty and social exclusion (Annex I).

Adequate minimum income plays a key role in reducing the depth of poverty and persisting inequalities in different areas of life. It forms the basis on which comprehensive, high-quality and universal social protection systems should be built and is key to enabling inclusion and full participation in society. For individuals with insufficient means of financial support, minimum income schemes are a last resort safety net aimed at guaranteeing their minimum standard of living and their right to dignity throughout the life cycle. Minimum income schemes are targeted towards people who are unable to work or access a decent job, people not gaining enough from employment and people no longer entitled to or excluded from other types of social benefits (such as unemployment benefits and pensions for example).

With the recent COVID-19 outbreak, the EU is facing an unprecedented challenge and as with most crises, people in the most vulnerable situations are hit the hardest. The full magnitude of the pandemic's socio-economic consequences will present themselves in the years to come. At the same time, social protection systems differ greatly from one EU Member State to another, and so does their capacity to cope with a crisis like this. Coordinated EU action is now more crucial than ever to prevent further social polarisation and poverty within the European Union.

This is why Social Platform and its member organisations call for an EU Framework Directive on Adequate Minimum Income. A Directive would lay the foundation for a basic social safety net, which allows everyone to live a life in dignity and contributes to reducing poverty and social exclusion by fostering upward social convergence within and across Member States; while at the same time mitigating the immediate and long-term socio-economic impact resulting from the COVID-19 outbreak.<sup>1</sup> The draft council conclusions on 'Strengthening Minimum Income Protection to Combat Poverty and Social Exclusion in the COVID-19 Pandemic and Beyond',<sup>2</sup> published by the German EU Council Presidency on 2 July 2020, are a welcome starting point to work towards this objective.

## Background

In the past 30 years, the EU has built a policy framework to tackle poverty and social exclusion – also based on the Europe 2020 Strategy including an EU poverty reduction target and the European Semester with a thematic focus on minimum income – and emphasised the importance of adequate minimum income support. Key milestones include, amongst others, the 1992 Council Recommendation on common criteria concerning sufficient resources and social assistance in social protection systems<sup>3</sup> and the 2008 European Commission recommendation on active inclusion.<sup>4</sup>

New impetus was given to the EU's social agenda in November 2017 when the Council of the EU, the European Parliament and the European Commission jointly proclaimed the European Pillar of Social Rights (Social Pillar),<sup>5</sup> which establishes 20 principles and rights as a compass for a more social Europe. An action plan on the Social Pillar implementation will be introduced by the European Commission in early 2021, and Social Platform is currently preparing its contribution to the public consultation. Principle 14 of the Social Pillar lays the foundation of the right to an adequate minimum income.

## WHAT we want

Social Platform calls for the adoption of an **EU Framework Directive on Adequate Minimum Income** to set minimum standards across the EU for calculating adequate income support schemes and ensuring their non-discriminatory access, and to raise the living and working conditions of millions of people currently experiencing poverty and social exclusion.

It is key that minimum income schemes are anchored in a human and social rights-based approach and follow these three criteria:<sup>6</sup>

### 1. Adequacy:

Adequate minimum income schemes ensure peoples' life in dignity throughout the life cycle. A common way of defining adequacy is using the national at-risk-of-poverty threshold (AROP), which stipulates that people falling below 60% of the national median income are considered to be at risk of poverty. Only a minimum income that is at least at the level of the national poverty threshold can therefore be considered a good starting point for defining adequacy. Currently, this is only the case in two EU Member States (Annex 2). It is additionally important to contextualise the 60% threshold with reference budgets and the actual costs of goods and services in a given country - as the 60% threshold in many EU Member States (and even across their regions) will not be sufficient to lift people out of poverty.

### 2. Access:

Adequate minimum income must be accessible to everyone in need and be available as long as it's required. Barriers which continue to hinder peoples' equal access to minimum income and the take up of benefits they are entitled to need to be addressed. For example, this

includes the non-existence of statutory schemes, rights unawareness, burdensome administrative procedures, conditionalities restricting the coverage/duration of benefits, sanctions resulting in benefit cuts and discriminatory provisions on access which exclude certain groups and stigmatisation by the wider population. It is reported that an average of 40% of people entitled to social benefits do not claim them,<sup>7</sup> thus resulting in individuals falling further into deprivation and hardship. Minimum income schemes need to be seen as long-term strategies of social investment, which generate social and economic returns over time.

### 3. Enabling Aspects:

European and national decision-makers need to provide strong guarantees to ensure people in need have access to an adequate minimum income support that enables a life in dignity. This entitlement must be based on legislation and enforceable for everyone in need. Moreover, adequate minimum income needs to be rooted in an active inclusion strategy and have people's empowerment, participation, and well-being at its core. Next to guaranteeing an adequate minimum income in line with a life in dignity, other crucial elements of an active inclusion strategy are an individualised approach, the non-discriminatory access to quality and affordable (social) services and the promotion of labour market integration and quality employment for those who are able to work.<sup>8</sup>

## WHY do we need adequate Minimum Income?

- **To tackle poverty and inequalities:** the positive impact of economic growth does not benefit everyone in society equally. The relative median poverty gap, measuring how far from the poverty line those at risk of poverty are, increased by half a point to 24.6% in 2018.<sup>9</sup> Additionally, the Gini coefficient (the most widespread inequality index) has increased to 30.8% in 2018.<sup>10</sup> Minimum income is crucial to build equal and inclusive societies and to foster upwards social cohesion, both nationally and amongst EU Member States. Further, this will also contribute towards fulfilling the 2030 UN Sustainable Development Agenda.
- **To ensure a life in dignity and guarantee essential human and social rights:** for people, temporarily or permanently, unable to work and those without access to other forms of social benefits, adequate minimum income provides a basic social safety net and enables a life in dignity and participation in society, the (re)integration into sustainable and quality employment, while also establishing a positive image of people currently stigmatised for claiming benefits. It also enables people without income to continue contributing to society by non-economic means, such as education and training, informal care or volunteering.
- **To support the economy:** adequate minimum income sustains demand and therefore represents an effective economic stimulus package, as the money received by beneficiaries is used to address pressing needs and immediately re-enters the economy.
- **To make work pay:** adequate minimum income can reverse the destructive trend of rising numbers of working poor (amounting to nearly one in ten workers in 2018)<sup>11</sup> and people

in precarious employment arrangements and/or with low quality jobs, if set in a positive hierarchy with fair and decent minimum wages to avoid creating so-called poverty and inactivity traps. This hierarchy should be built with an adequate minimum income as the basis, followed by other types of benefits (such as unemployment benefits) and eventually adequate minimum wages.

## HOW should an EU Framework Directive on Adequate Minimum Income look like?

As mentioned above, the criteria of *adequacy*, *access* and *enabling aspects* are crucial for an EU Framework Directive on Adequate Minimum Income. All three criteria entail additional important sub-aspects:

### For minimum income to be adequate, it needs to:

- 1) set common methodologies:** common definitions for adequate, accessible and enabling minimum income schemes need to be set at EU level to achieve a level playing field, while respecting the principle of subsidiarity and acknowledging the differences of national social security systems and respecting the competence of EU Member States to define their design.
- 2) be supported by adequate and sustainable funding:** the necessary resources need to be made available to ensure an adequate level of minimum income support, to combine it with affordable quality and to promote a comprehensive labour market inclusion approach for those who can work.
- 3) provide for regular adjustments:** adequate minimum income must be regularly evaluated and compared to the actual costs of living for different household types and across different regions<sup>12</sup> and updated when needed. An EU Framework Directive would also require the inclusion of a robust non-regression clause in view of existing minimum income benefits across all EU Member States and their benefit levels.
- 4) provide support to EU Member States:** support needs to be provided in the realisation of adequate minimum income schemes, including through relevant EU-wide indicators (e.g. in the Social Scoreboard) and benchmarks and by monitoring their effective implementation through key EU processes such as the European Semester.

### To ensure equal access to minimum income schemes, it needs to:

- 1) **have a rights-based approach:** in the EU, everyone should have the right to the resources and adequate income support needed to lead a life compatible with human dignity. Adequate minimum income therefore must be rooted in legislation and be accessible to everyone in need.
- 2) **leave no one behind:** adequate minimum income schemes should be catered for the specific needs of individuals and groups in vulnerable situations to ensure their non-discriminatory access and take account of the reality of intersecting inequalities. A purely mainstream approach in policy-making risks not reaching out to those most in need, and provisions must therefore apply to all those de facto residing on the territory of the European Union.
- 3) **be available to everyone:** while most minimum income schemes are designed universally, some of them do in practice exclude or fail to reach certain individuals and/or groups. This includes asylum seekers and undocumented migrants due to residence requirements, homeless people for failing to provide a registered address, young or older people due to age requirements or Roma people who face multiple disadvantages.
- 4) **grant benefits proactively:** benefits should be granted proactively (without the recipient having to explicitly apply for them) to tackle the high non-take-up and the transition to other types of benefits needs to be ensured without delay.
- 5) **not contain negative conditionality:** no criteria for total or partial cuts in adequate minimum income support should be applied.
- 6) **provide for adjudication and the right to appeal:** effective adjudication by independent bodies as well as the right to appeal need to be provided for everyone and be easily accessible.

### For minimum income to be enabling, it needs to:

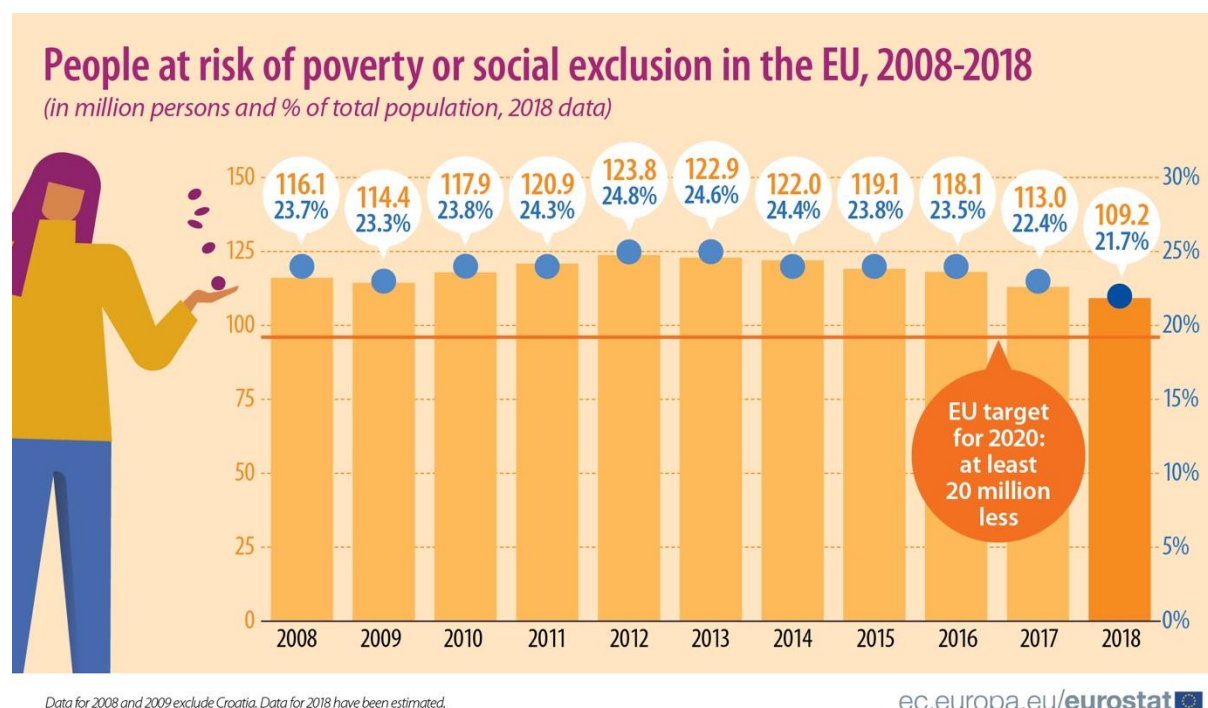
- 1) **be rooted in an active inclusion approach:** adequate minimum income schemes must be shaped within a comprehensive and personalised active inclusion approach which promotes access to quality services and employment for those who can work.
- 2) **provide access to services:** non-discriminatory access to supporting quality social and health and prevention services needs to be provided. Special attention should be paid to the territorial availability, the accessibility and the affordability of services.
- 3) **be complemented by outreach activities:** measures to tackle the high non-take-up of benefits, fight against the stigma and support with administrative requirements needs to be provided.

- 4) provide for the engagement with civil society and individuals affected by poverty:** directions on the engagement of beneficiaries and representative civil society organisations in developing, implementing, and monitoring adequate minimum income schemes should be provided.

**Legal basis:** In accordance with Article 153(1)(h) of the Treaty on the Functioning of the European Union (TFEU), the Union can support and complement the activities of EU Member States in the area of the “integration of persons excluded from the labour market”. In accordance with Article 153(2)(b) TFEU, minimum requirements by means of directives may be adopted. Article 153 TFEU may therefore be the natural legal base for an EU Framework Directive on Adequate Minimum Income.



## Annex I: People experiencing poverty and social exclusion



The target of the Europe 2020 Strategy<sup>13</sup> was to lift 20 million people out of poverty and social exclusion between 2010 and 2020. With 109 million people in the EU still experiencing poverty and social exclusion in 2018, the anticipated target of 96.1 million is far from being reached. The COVID-19 outbreak is likely to significantly increase this number again: On the one hand, the pandemic leads to further deprivation and isolation of people who already find themselves in vulnerable situations and on the other hand, it has started and will continue to cause permanent or temporary unemployment of millions of people in the EU.

Certain groups are disproportionately affected by the prevalence of poverty and social exclusion and therefore need to be specifically targeted in the design of minimum income schemes and other policies aimed at poverty reduction, as mainstream policies often do not reach them.

This section provides an overview of some population groups that the network of Social Platform represents but is by no means exhaustive.

- Young people:** In 2018, the rate of young people (aged 16-29) living at risk of poverty or social exclusion in the EU was 26.3 %, which amounts to 20.6 million people.<sup>14</sup> Despite the high rates of poverty, social protection systems fail to provide equal and adequate support to young people.<sup>15</sup> Young people are often unable to access unemployment benefits due to not meeting minimum contribution periods, resulting from being unemployed after leaving education or from short and precarious spells of employment. Additionally, discriminatory minimum age requirements can exclude young peoples' access to minimum income benefits or reduce their level. Young people are often treated as a homogeneous group, overlooking the additional barriers some may face, such as young people with disabilities, young refugees and migrants or

young people who cannot rely on any family support.<sup>16</sup> With 1 in 6 young people having reported to have stopped working since the COVID-19 outbreak, the consequences of the pandemic have already, and will continue to put, additional hardship on young people.<sup>17</sup>

- **Roma people:** There are 12 million Roma in the European Union, living in all EU Member States but Malta. The second European Union Minorities and Discrimination Survey<sup>18</sup> showed that 80% of Roma live below their country's at-risk-of-poverty threshold. The COVID-19 pandemic and associated lockdowns have significantly worsened the situation, by undercutting income from paid work (the Roma typically work in seasonal, informal jobs without employment rights or social protection coverage), leaving entire families and communities cut off from food and basic necessities. Adequate income support mechanisms thus become crucial for a sustainable and inclusive recovery. Strong and pro-active outreach measures are needed to ensure the rights of people who may not know their legal entitlements, are unsure about navigating complex application procedures, don't know how to read or write, don't have a fixed address, don't have a bank account, can't apply online, and are furthermore confronted with antigypsyism for their ethnicity, as well as stigma for being poor and benefit claimants.
- **Children:** In 2018, 24,3% of children were exposed to the risk of poverty and social exclusion, disproportionately affecting children belonging to different groups in vulnerable situations.<sup>19</sup> According to the Fundamental Rights Agency for example, 90% of Roma children live at risk of poverty and social exclusion, with 1 in 3 children going to bed hungry.<sup>20</sup> Children are often exposed to generational poverty and experiencing poverty and social exclusion in childhood can have long-term effects on individuals. Growing up in poverty impacts on a children's' health and early childhood development, as well as on their access quality education for example. For most, this will result in lesser opportunities throughout their lives when compared to peers who grew up under different circumstances. The OECD estimated that it takes indeed on average five generations to break the cycle of poverty.<sup>21</sup> The COVID-19 pandemic has had and will continue to have a huge impact on children's lives. For example, for many children education has been on hold in the past months, as schools struggled with online teaching, or parents did not have the necessary agency or resources to support the online learning. Also child protection systems were put under strain, with an increasing risk of domestic violence at home.<sup>22</sup>
- **Women:** Women are at higher risk of poverty and social exclusion across the EU when compared to men. This is due to different reasons, such as existing gender inequalities in public and private life, gender roles and stereotypes, and structural inequalities, which weaken women's opportunities in the labour market for example. Especially affected are lone mothers, with almost every second living at risk of poverty and social exclusion.<sup>23</sup> The gender pay and pension gaps remain high at 16% and 39% respectively.<sup>24</sup> Additionally, caring responsibilities remain unequally shared and keep 7.7 million working age women away from the formal labour market, compared to

450.000 men.<sup>25</sup> Also the COVID-19 pandemic has a disproportionate effect on women. Not only do women make up for the majority of frontline workers, also their unpaid care and household responsibilities have increased disproportionately as a result of the lockdown measures and so has their risk of falling victim of domestic violence. Discrimination and disadvantage in the labour market in the past mean that many older women do not have sufficient own pension rights to ensure a life free from poverty and social exclusion; many rely on the incomes and savings of their partner or derived pension rights (survivors' pensions), but the higher longevity of women means that most have to face the costs of living alone in high age.

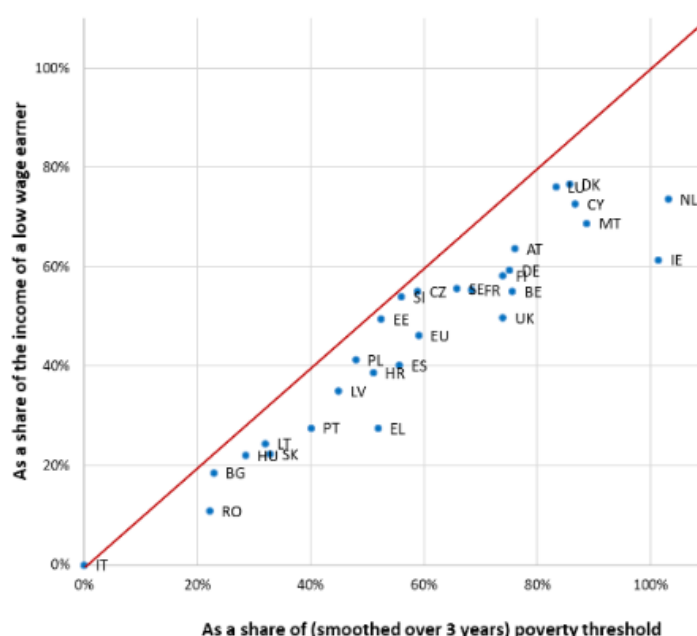
- **Persons with disabilities:** In 2018, 29.3% of persons with disabilities in the EU were at risk of poverty and social exclusion, compared to 19.% of people without disabilities.<sup>26</sup> Moreover, the severity of the disability is an additional risk factor. In 2017 for example, 36.2% of those with a severe disability (aged 16+) were living at risk of poverty or social exclusion, compared to 26.3% of those with a moderate disability.<sup>27</sup> The COVID-19 pandemic has had an enormous impact on persons with disabilities. For many people, the support services needed to live their lives independently have been taken away from one day to another, as service providers were left unable to continue their work. People living in institutional settings became more vulnerable than ever and faced not only an increased risk of infection by COVID-19 due to the lack of protective equipment for them and the staff, but also increased physical and psychological abuse due to isolation, neglect and even abandonment.
- **LGBTI people:** LGBTI people continue to face discrimination in all areas of life, thereby increasing their vulnerability to poverty and social exclusion. According to the second LGBTI survey conducted by the Fundamental Rights Agency in 2019, 29% of intersex respondents, 25% of trans respondents and 17% of cisgender LGB respondents have faced barriers in their lifetime when accessing housing for example. Moreover, one third of all LGBTI respondents indicated that their households have difficulties to make ends meet. Furthermore, 10% of respondents felt discriminated against when looking for a job during the previous 12 months, a number which rises to 32% for trans respondents and 27% for intersex respondents. Covid-19 exacerbated these issues, as for example LGBTI people in precarious employment lost their jobs, vital medical care was deemed non-essential, and LGBTI people needed to quarantine in LGBTI-phobic households, leading to spikes in domestic violence in 13 EU countries.<sup>28</sup>
- **Older persons:** While having overall lower poverty and social exclusion, older persons face challenges in relation to inadequate pensions. Certain groups of older persons face particular poverty risks, such as older persons with disabilities (especially when disabilities were acquired at younger age, inhibiting participation in the labour market), people with career breaks such as long-term unemployment or absence from the labour market for providing child or long-term care, or older migrants who started accumulating pension rights in their state of residence only at an older age. Moreover, the under-indexation of pensions in line with the evolution of living costs means that many older persons find themselves at risk of poverty and social exclusion at very high

ages, when their pension's real value has eroded and when many face high costs for health and long-term care. Minimum pensions are therefore an important form of minimum income to prevent old-age poverty and social exclusion. Income needs evolve in older age and expense items such as mobility, housing and energy, but also health and long-term care take up a larger part of older persons' budget, therefore reference budgets and minimum income schemes should take account of these evolving needs.

- **Non-EU migrants:** In Europe, one in two people from a non-EU migrant background are at risk of poverty and social exclusion. This is due to different reasons. Non-EU migrants are often restricted from accessing the different avenues of support social welfare systems have to offer due to their migration status. Significant barriers and discrimination continue to exist in all areas of life, even when it comes to accessing essential and social services. Also on the labour market people from a non-EU migrant background face numerous challenges. Wide-spread discrimination or the impossibility of obtaining a work permit in the first place are reasons for being trapped in precarious forms of employment, with little or no social protection and often under terrible and illegal working conditions and even abuse. Non-EU migrants can moreover rarely rely on family support as family members stay in the country of origin and rely on the help of the person in question rather than being in the position to offer any kind of support.

- **Annex II: Adequacy of national minimum income schemes**

Net income of minimum income recipients as % of at-risk-of-poverty threshold (smoothed over three years) and of the income of a low wage earner (income year 2017)



Source: Eurostat, OECD.

The 2020 Joint Employment Report of the European Commission<sup>29</sup> shows that only in Ireland and in the Netherlands minimum income schemes can be considered adequate, exceeding the national poverty threshold. Only minimum income schemes at least at the level of the national poverty threshold provide individuals with the security needed to engage in pathways to employment, while at the same time ensuring the inclusion and participation of those for whom employment is not an option.

In most countries, minimum income schemes cannot be considered adequate as they fail to lift people out of poverty. In Romania and Bulgaria for example, minimum income is set at around 20% of the national poverty threshold. The European Minimum Income Network,<sup>30</sup> led by the European Anti-Poverty Network,<sup>31</sup> one of Social Platform's 48 member organisations, mapped the minimum income levels in all EU Member States. The different country documents can be accessed [here](#).

## Endnotes:

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1 This position paper is an update of Social Platform's previous position paper on '[An EU Directive on Minimum Income](#)', dating to June 2014. This update aims at reinforcing the need for adequate minimum income protection by putting it into the current political context.

2 9241/20, SOC 429: [Council Conclusions on Strengthening Minimum Income Protection to Combat Poverty and Social Exclusion in the COVID-19 Pandemic and Beyond](#).

3 [92/441/EEC: Council Recommendation of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems](#).

4 [Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market \(notified under document number C\(2008\) 5737\)](#).

5 [European Pillar of Social Rights](#).

6 As defined by the [European Minimum Income Network](#), of which Social Platform is a member.

7 Dubois H. and Ludwinek A., [Access to benefits, reducing non-take-up](#), Eurofound 2015.

8 [Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market \(notified under document number C\(2008\) 5737\)](#).

9 European Commission (2019): [Joint Employment Report 2020](#).

10 Eurostat: [Gini coefficient of equivalised disposable income - EU-SILC survey](#).

11 European Commission (2019): [Joint Employment Report 2020](#).

12 Update references include: a) national median/mean income or proportion of it (e.g. national relative poverty line); b) national living standards (price levels of essential goods and services); c) national minimum wage developments.

13 [Europe 2020 – A European Strategy for smart, sustainable, and inclusive Growth](#).

14 Eurostat: [Young people – social inclusion](#).

15 European Youth Forum (2016): [Excluding Youth – A threat to Our Future](#).

16 European Youth Forum (2020): [The European Youth Blueprint To Recovery](#).

17 ILO (2020): [COVID-19 and the world of work. 4th edition](#).

18 European Agency for Fundamental Rights: [EU-MIDISII on Roma](#).

19 Eurostat: [Children at risk of poverty or social exclusion](#).

20 European Agency for Fundamental Rights (2014): [Poverty and employment the situation of Roma in 11 EU Member States](#).

21 OECD (2018): [A Broken Social Elevator? How to Promote Social Mobility](#).

22 Eurochild (2020): [Protecting children now and in the future - Eurochild public statement on COVID-19](#).

23 European Institute for Gender Equality (2016): [Poverty, gender and intersecting inequalities in the EU - Review of the implementation of Area A: Women and Poverty of the Beijing Platform for Action.](#)

24 European Institute for Gender Equality (2019): [Tackling the gender pay gap: not without a better work-life balance.](#)

25 European Institute for Gender Equality (2020): [Area F — Women and the economy: care responsibilities and insecure jobs limit women’s empowerment.](#)

26 European Commission (2019): [Joint Employment Report 2020.](#)

27 *Ibid.*

28 ILGA Europe (2020): [COVID-19 impacts on LGBTI communities in Europe and Central Asia: A rapid assessment report.](#)

29 European Commission (2019): [Joint Employment Report 2020.](#)

30 [European Minimum Income Network.](#)

31 [European Anti-Poverty Network.](#)