

April 2020

Position Paper

Minimum income schemes to ensure dignity for all

Background

A minimum income provision is an essential building block in the third pillar - social protection – of the Caritas Social Model. It constitutes a last safety net when people temporarily are unable to generate an income from their economic activity or benefits to which they are entitled. Despite this, analysis of the CARES! Country reports 2019 shows that not all European countries have a minimum income provision and that some of the existing ones are inadequate. It is crucial to improve this situation in order to ensure a dignified life to all. It is essential to set European standards for minimum income systems in order to achieve upwards social convergence. In the EU this would be possible with the adoption of a legally binding framework. The German EU Council presidency (July-December 2020) is expected to present a proposal for such a framework. We expect a lot of opposition by several Member States. For this reason, Caritas Europa and its member organisations aim to be prepared to support the initiative and to explain to the Member States why such a framework is necessary, what standards it should set, and why all Member States and the people in need will benefit from it in the long run.

I. Introduction

Benefits and services that together constitute minimum income schemes can be defined as “income support schemes, which provide a safety net for people, whether in or out of work, and who have insufficient means of financial support, and who are not eligible for insurance-based social benefits or whose entitlements to these have expired. They are last resort schemes, which are intended to ensure a minimum standard of living for the concerned individuals and their dependents”.¹

The necessity of poverty proof minimum income schemes throughout the European Union and all over Europe is not only manifested in the European Pillar of Social Rights² and the European Social Charter,³ but can also be derived from the Sustainable Development Goals (SDGs) themselves.⁴ And last but not least, Nicolas Schmit, Commissioner for Jobs and Social Rights said in his hearing before the European Parliament that “[...] there is [...] common interest in having a guarantee for every European citizen to be able to live

¹ See paper by the European Minimum Income Network (EMIN) “[A renewed EU roadmap for progressive realisation of adequate, accessible and enabling Minimum Income Schemes in Europe](#)”, November 2017.

² Principle 14: *Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.*

³ Article 12 of the revised European Social Charter: *With a view to ensuring the effective exercise of the right to social security, the Parties undertake: to establish or maintain a system of social security; to maintain the social security system at a satisfactory level at least equal to that necessary for the ratification of the European Code of Social Security; to endeavour to raise progressively the system of social security to a higher level; to take steps, by the conclusion of appropriate bilateral and multilateral agreements or by other means, and subject to the conditions laid down in such agreements, in order to ensure: a. equal treatment with their own nationals of the nationals of other Parties in respect of social security rights, including the retention of benefits arising out of social security legislation, whatever movements the persons protected may undertake between the territories of the Parties; b. the granting, maintenance and resumption of social security rights by such means as the accumulation of insurance or employment periods completed under the legislation of each of the Parties.*

⁴ E.g. SDG 1 – No poverty, Target 1.3: *Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.*

decently, even if this person cannot be tomorrow on the labour market and [...] make a living of his or her own, and therefore we have to look after some kind of criteria, of benchmarks, to permit people to live decently. [...] it has to take into account the overall living standard and the situation, the economic, financial, budgetary situation, but it has also to guarantee to each European citizen, wherever he or she lives, a decent living.”⁵

A functioning EU framework for minimum income systems is an issue the current German government not only mentioned in its Coalition Treaty in early 2018,⁶ but is also currently being prepared by the Federal Ministry for Labour and Social Affairs as one main focus during the German EU Council presidency in the second half of 2020.

The following principles represent Caritas Europa’s position on an EU framework for minimum income schemes.

II. Ten principles

1. **LEGALLY BINDING: an EU framework for minimum income schemes must be legally binding**

Past initiatives to support the establishment of minimum income schemes or support already existing ones, include (among others):

- The (revised) European Social Charter,
- The Council Recommendation of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems,
- Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market.

However, most of these instruments are not legally binding and thus have had little to no effect in improving minimum income schemes throughout the European Union. An EU framework must therefore be legally binding and be implemented as an EU directive.

2. **SUBSIDIARITY: an EU framework for minimum income schemes respects the principle of subsidiarity and thus the distinctiveness of different social models throughout the European Union**

An EU framework for minimum income schemes must involve general provisions that allow Member States to implement rules that fit their respective social security systems and improve them where necessary, especially in terms of adequacy, accessibility, availability, effectiveness and affordability. Such a framework does not aim to change the nature or way of how minimum income schemes function in the EU Member States and cannot contain a “one size fits all” approach.

3. **UPWARDS CONVERGENCE: an EU framework for minimum income schemes must acknowledge the different social models and levels of development**

In order to effectively contribute to upward convergence in the EU, an EU framework for minimum income schemes must be flexible: while some provisions in such a framework must be binding from the beginning and be addressed to all EU Member States, other provisions may only apply to individual Member States. A framework designed in such way follows the rationale of the legal instrument of directives pursuant to Art. 288 TFEU and permits an adequate consideration of the different types of minimum income schemes throughout the EU.

⁵ Nicolas Schmit, hearing 01.10.19, European Parliament

⁶ Page 7, Recital 170-171 of the German [Koalitionsvertrag](#): “... develop a framework for minimum wages and national minimum income schemes in the EU member states.”

4. COMPLEMENTARITY: an EU framework for minimum income schemes should be complementary to minimum income provisions and the provision of services

While it is clear that monetary benefits play a crucial role in social security systems all over the European Union, a framework for minimum income schemes should be complementary to the provision of social services such as health services, social housing or childcare services, with the purpose of protecting human dignity by ensuring access to social rights, as part of a comprehensive strategy to fight poverty. In that sense, Member States should invest in preventing as much as possible that people end up in a minimum income scheme, as it should be considered as last safety net.

5. INCLUSIVE: an EU framework for minimum income schemes must promote an inclusive principle

In many EU Member States, minorities are among the people who are most effected by poverty and social exclusion. An EU framework for minimum income schemes should foster social protection for all, including refugees or ethnic and religious minorities. Inclusive measures to address specific needs of certain target groups might be necessary.

6. CRITERIA: an EU framework for minimum income schemes must contain at least three main criteria: Eligibility, Adequacy, and Enabling.

- a. Eligibility: every person residing in the country who cannot rely on (sufficient) other sources of income (e.g. wage, unemployment benefits, pensions...) should be covered, should be informed about her/his rights and should have access to social services supporting her/him in the application process; the application process should be as simple as possible.
- b. Adequacy: a minimum income should ensure basic decent living. The methodology of reference budgets can be useful to establish the minimum level of necessary income. This also includes the concept of a complementary minimum income to increase the overall income.
- c. Enabling: a minimum income system should enable people to fully participate in society, regardless of their ability to work, and to leave the minimum income system as soon as possible.

7. CONDITIONS: an EU framework for minimum income schemes must ensure that certain benefits and services are unconditional

While it must be acknowledged that minimum income schemes always need to have elements that enable beneficiaries to independently support themselves and their families again, e.g. through measures of reintegration into the labour market, benefits and services, indispensable to live a dignified life must be granted unconditionally and without any obligations to those in need.

8. PARTICIPATION: an EU framework for minimum income schemes should implement clauses that support the cooperation with civil society groups and organisations in EU Member States

It is often not the state and its public authorities that have the most expertise and knowledge when it comes to needs and requirements of those struck by poverty and social exclusion, but the many civil society groups that work in the field and ensure access to those in need of respective benefits and services. This expertise and commitment has to be honoured and transferred throughout all EU Member States. This does not mean that Member States can be released from their obligations but rather that a collaborative partnership between public authorities and civil society organisations should be established and/or fostered in planning, developing, implementing, monitoring and evaluating minimum income schemes.

9. IMPACT ASSESSMENT: in order to assess the impact of minimum income schemes throughout the European Union on the reduction of poverty and social exclusion, standardised and common benchmarks need to be used

An EU framework for minimum income schemes should support the already existing minimum income schemes in the EU Member States. In order to do so, the advantages and disadvantages of each Member State's social protection system need to be sufficiently detected and compared to the others.⁷ This can only be accomplished through standardised and common benchmarks. Maybe the so called "Social Scoreboard" that was introduced by the EU Commission on 2018 can function as such a tool.⁸

10. MONITORING AND EVALUATION: an EU framework for minimum income schemes must be assessed and revised with time

As individual Member States' minimum income schemes may develop over a certain timespan and thus may need improvements in areas that were not foreseen before, an EU framework that aims to constantly improve the effectiveness of Member States' social security systems in reducing poverty and social exclusion must be revised and – if need be – updated.

⁷ Social Protection according to the ILO, 2012, is defined as "General term covering all guarantees against reduction or loss of income in cases of illness, old age, unemployment or other hardship, and including family and ethnic solidarity, collective or individual savings, private insurance, social insurance, mutual benefit societies, social security, etc.": <http://ilo.multites.net/defaulten.asp>

⁸ Find more information on the Social Scoreboard here: <https://ec.europa.eu/social/main.jsp?langId=en&catId=1196&newsId=9163&furtherNews=yes>