

## Making the case for a strong EU Council Recommendation on adequate minimum income

Although in recent years, poverty trends have started to decline modestly, in 2020, around 91 million people – which represents more than one in five people – are still at-risk-of-poverty-or-social-exclusion. Especially the financial poverty figures (AROP) hardly show any improvement. The COVID-19 crisis will certainly have added to these high numbers.

Therefore, 30 years after the adoption of the 1992 Council Recommendation on common criteria concerning sufficient resources and social assistance in social protection systems, we welcome the intention of the European Commission to present a new Recommendation to the Council to step up the efforts of the Member States to provide adequate and accessible minimum income benefits to their citizens in need, in accordance with principle 14 of the European Pillar of Social Rights.

Adequate, accessible and enabling minimum income schemes do not only ensure people's fundamental social rights, but also help them to stay active in society. They act as automatic stabilisers and as stimuli for the economies and contribute to more cohesion and an improved participation in society as well as to better social inclusion.

The discouraging results in fighting poverty by current minimum income provisions in the Member States show that the existing soft law instruments and policy coordination mechanisms are insufficient to give enough nudge to Member States to make substantial progress on the prevention and reduction of poverty and social exclusion and the realisation of social rights. That is why, in the first place, in our feasibility study for EAPN<sup>1</sup>, we made the case for a binding framework directive. Now that the choice is made to present a Council Recommendation, its content must contain sufficient hard elements to ensure that Member States are given guidance in the design of strong minimum income systems and are closely monitored and evaluated as to the progress they make on the essential characteristics of their minimum income schemes.

First, the EU-wide minimum income recommendation should contain a definition of what characterises adequate income to live a life in dignity and to fully participate in the society. The **AROP, set at 60% of the median equivalent disposable household income**, is the most commonly used indicator in assessing **income adequacy** and poverty in Europe, identified by the Social Protection Committee in its benchmark exercise, and recognised by the Court of Justice of the EU. On top of adequate minimum income, extra benefits should be granted, for example to cover the cost of ill health and disabilities, or for raising children. Because guaranteeing a minimum income above the AROP does not necessarily allow for a life in dignity, Member States should be urged to use national **reference budgets** to contextualise the AROP to assess the adequacy of minimum income. By doing so, Member States could contextualise this threshold to a factual national reality and tailor a general EU-wide methodology to the specificities of each country as well as concrete living conditions of different household compositions. Benefits should be regularly reviewed and systematically adjusted to reflect the evolution of the cost of living.

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<sup>1</sup> Van Lancker, A., Aranguiz, A. & Verschueren, H., Expert study on a binding EU framework on adequate national minimum income schemes, EAPN, October 2020, [Expert Study on a Binding EU Framework on Adequate National Minimum Income Schemes | A. Van Lancker, A. Aranguiz, H. Verschueren - EAPN](#)

Secondly, the Recommendation must clarify what can be considered as **accessible benefits** to ensure broad coverage of all people who need the benefits for as long as they need them in different stages of their life. Ensuring universal access and comprehensive coverage means that Member States should refrain from imposing discriminatory and restrictive eligibility criteria related to citizenship, residence or age, and from excessive means-testing. The Recommendation must therefore clarify that minimum income schemes must establish individual legal entitlements for all EU citizens and third country nationals with a legal residence, in need of assistance, at all ages and for as long as they need it, and that schemes should be accessible in a non-discriminatory and non-stigmatising way, without undue excessive and unreasonable conditionality on their rights.

It further would need to spell out conditions to design enabling minimum income schemes that support people to (re)integrate in the labour market for those who can, and to participate actively in the society, in full respect of their human dignity, in line with the 2008 Commission Recommendation on active inclusion. A positive approach of individualised support to tailor-made labour market measures and access to quality social and essential services should be developed to address social and health needs of people facing complex obstacles to accessing the labour market. Reintegration in the labour market should be supported by guaranteeing a positive hierarchy with decent minimum wages and by (partially) retaining benefits that are granted to people on top of their minimum income, in order to make work pay. For people unable to re-integrate in the labour market, strategies should facilitate their participation in the society by other ways than productive work.

To this end, it is imperative that the EU Recommendation on adequate national minimum income schemes is grounded in the right competences for the purposes it aims at pursuing. For a recommendation that goes in line with the ambitions of principle 14 EPSR and applies 'at all stages of life', we strongly suggest a combination between Article 153(1)(h) TFEU on measures for the integration of people excluded from the labour market and Article 175 TFEU on economic, social and territorial cohesion. This combination is not only possible, but also desirable so the recommendation can apply to those who are part of the labour market but remain in need of minimum income assistance. Moreover, these legal bases do not preclude to take stronger (binding) measures in the future, would this be considered necessary in a later evaluation.

From a legal point of view, it is also important that the recommendation incorporates the relevant references to existing human rights provisions. In particular, to Articles 1, 21 and 34 of the Charter of Fundamental Rights of the EU on human dignity, non-discrimination and social security and social protection respectively. This is necessary in order to ensure that the recommendation is interpreted in light of the relevant fundamental rights. Considering the extensive and informative case-law of the European Committee of Social Rights and the membership of most Member States, a reference to the ESC, and specifically to Article 13 would very much be welcomed.

Whether this new Council Recommendation would have the potential to trigger actual change will ultimately depend on the content of the instrument as well as on the political will to implement it. A key element in this regard relates to the instalment of a thorough **monitoring and evaluation system** that urges Member States and the Commission to evaluate progress towards the objectives and principles of the Recommendation. This monitoring system could resemble that of the 2019 Council Recommendation on access to social protection for the workers and the self-employed, or of the 2021 Council Recommendation on establishing a European Child Guarantee. Such a common monitoring framework would require the Commission and the Social Protection Committee to develop agreed common quantitative and qualitative indicators and benchmarks to assess the implementation of the recommendation. This assessment is further supported by statistical data and progress reports submitted by the Member States with the view of informing policymaking. It should include the

principle of involvement of stakeholders including civil society organisations and people experiencing poverty and social exclusion. Monitoring and evaluation could also be done by using the European Semester framework, including the Social Scoreboard, the national reform programmes, national recovery plans, and the stability or convergence programmes, country reports and country-specific recommendations, and the Open Method of Coordination for Social Protection and Social Inclusion.

The introduction of the EU Recommendation on adequate national minimum income schemes raises the question about European solidarity through **European funding**, especially through the European Social Fund + and the Recovery and Resilience Facility, since the cost of bringing minimum income benefits to an adequate level differs between Member States and would especially put pressure on poorer Member States to close the poverty gap. Research shows that public support is high, including for an EU-level initiative that would require financial support for countries that face the most difficulties to deliver on improving the adequacy of benefits. The EU Recommendation on adequate national minimum income schemes should thus provide a link between its implementation and access to European funding, so that Member States that take the necessary steps for its implementation can receive financial support for their efforts.

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