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Briefing for Members

Council Recommendation on Adequate Minimum Income

On January 30, 2023, the European Council adopted the Council Recommendation on adequate minimum income to combat social exclusion and poverty. This Recommendation is part of the implementation of [European Pillar of Social Rights](#) (EPSR), adopted in 2017 by the European Commission together with the European Parliament and the European Council.

With its 20 principles, the EPSR aims to deliver rights for citizens and a social, inclusive Europe. The Principle 14 of the EPSR, states that 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.

Moreover, the [Action Plan](#) of the EPSR sets out concrete initiatives to turn the objectives into reality and proposes three headline targets for the EU by 2030. One main target of the EPSR Action Plan is to reduce the number of people at risk of poverty and social exclusion by at least 15 million by 2030.

However, despite these policy initiatives to combat poverty and some improvements over the last decade, in 2021, over 95.4 million Europeans were at risk of poverty or social exclusion. The Covid-19 pandemic, Russia's war on Ukraine and the increasing cost of living have exacerbated the situation for millions of people in vulnerable situations in the EU and limited their access to food, energy, healthcare, education, and relevant social services.

But what is Minimum Income?

Minimum income benefits are cash payments that help households in need to bridge the gap to a certain income level to live a life in dignity.¹ These monetary benefits are non-contributory and 'means-tested'. That means that the benefits are not linked to previous employment or contribution history but granted based on need, they are only accessible to people with insufficient income and resources and are publicly funded (tax-financed). In

¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5706.

many EU countries, the minimum income benefits are granted for an indefinite period, contrary to unemployment benefits.

What isn't Minimum Income?

Minimum income is different from minimum wages, which are the lowest remuneration that employers are permitted to pay their employees, protected through the EU Directive on adequate minimum wages which was adopted by the European Council on 4 October 2022.²

Minimum income is also different from Universal Basic Income, which is a regular and universal cash payment delivered to all citizens by the government.³ Unlike other government welfare schemes, Universal Basic Income is granted on an individual basis and unconditionally, without a means test and independent of any other income.

Why is Minimum Income important?

Adequate minimum income schemes play a key role in reducing persisting inequalities and poverty and can act as an automatic stabiliser. For those in need and with insufficient income, minimum income schemes might be the only way to guarantee a decent standard of living.

Minimum income schemes should be the basis of well-designed social safety nets, aiming to guarantee that everybody has a sufficient level of resources to ensure a life in dignity and are able to participate in the economic and social life, including the labour market.⁴ In this vein, adequate minimum income benefits should be complemented with tailored assistance and incentives to access decent job opportunities, measures fostering social inclusion and provision of quality services. In this way, minimum income schemes are not a passive tool but act, as far as possible, as a springboard to improve inclusion and employment prospects.⁵

Certain groups in societies are disproportionately affected by the risk of social exclusion and poverty and therefore need to be specifically targeted by minimum income schemes, as they are often not reached or sufficiently supported by mainstream policies. Population

² https://ec.europa.eu/commission/presscorner/detail/en/ganda_22_5722.

³ [UN Report of the Special Rapporteur on extreme poverty and human rights, A/HRC/35/26](https://www.unhcr.org/refugees-and-migrants/2018/12/un-report-extreme-poverty-human-rights).

⁴ <https://ec.europa.eu/social/BlobServlet?docId=26076&langId=en>.

⁵ <https://ec.europa.eu/social/BlobServlet?docId=26076&langId=en>.

groups that are disproportionately affected include young and older people, children, women, non-EU migrants and Roma people or persons with disabilities.

While the EU countries agreed on the Council Recommendation on minimum income schemes proposed by the European Commission, this remains a soft law instrument and there are no binding measures for the Member States to ensure accessible, enabling and adequate minimum income for all people who need them.

Situation in the EU Member States

While the terminology used in each country might differ, minimum income schemes exist in all Member States. However, often they are not adequate, do not reach all those in need and fail to lift people out of poverty. According to the European Commission, on average, around 35% of the working age EU population at risk of poverty is not covered by minimum income or similar social benefits.⁶ In fact, most minimum income benefits at the national level are below national poverty thresholds, which is 60% of the national median income. Minimum income benefits in European countries vary between 20% to 80% of the national thresholds with only few countries actually reaching them.

While the design of minimum income schemes varies across Member States, reflecting different national traditions and the overall architecture of social protection systems, Member States face similar challenges, such as securing the adequacy of income support, the coverage of minimum income, the issue of non-take-up of benefits and insufficient coordination between income support policies and incentives to (re)integrate those who can work to the labour market.

What does the Council Recommendation say?

The Recommendation on minimum income aims at combating poverty and social exclusion by promoting adequate income support, effective access to enabling and essential services for persons lacking sufficient resources and fostering labour market integration for those who can work, in the light of principle 14 “Minimum income” of the EPSR.⁷

It encourages Member States to adapt their minimum income schemes in place and progress in making them more adequate and accessible. Member States are

⁶ <https://ec.europa.eu/social/main.jsp?langId=en&catId=1092>.

⁷ <https://ec.europa.eu/social/BlobServlet?docId=26076&langId=en>.

recommended to develop robust social safety nets that guarantee a life in dignity at all stages of life, combining income support and in-kind benefits, giving access to enabling and essential services. It is recommended to achieve the adequate level of income support by 31 December 2030 at the latest.

Regarding adequacy, the Commission recommends the following measures to Member States to ensure the adequacy of income support:

- Developing robust social safety nets that guarantee life in dignity at all stages of life, combining adequate income support - including minimum income benefits and other accompanying monetary benefits- and in-kind benefits, giving access to enabling and essential services.
- Setting the level of minimum income support through a transparent and robust methodology defined in the legislation and involving relevant stakeholders. Such methodology should take into account, amongst others, overall income sources, the specific needs of the households, and standards of living and purchasing power.
- Safeguarding incentives to (re)integrate in the labour market for those who can work, while income support should gradually increase the income of persons lacking sufficient resources to a defined level, at least equivalent to one of the following:
 - (a) the national-at-risk-of-poverty threshold; or
 - (b) the monetary value of necessary goods and services, including adequate nutrition, housing, healthcare and essential services, according to the national definitions; or
 - (c) other levels comparable to the levels referred to in point (a) or (b), established by national law or practice.

Finally, it is recommended that Member States regularly review and adjust the level of minimum income in order to maintain the adequacy of income support.

Secondly, regarding coverage, Member States are recommended to ensure that all persons lacking sufficient resources are covered by minimum income set by law, defining for example transparent and non-discriminatory eligibility criteria, means-testing

thresholds, simple and free of charge complaint and appeal procedures and mechanisms that ensure that minimum income is responsive to socio-economic crises, amongst others.

Moreover, to tackle non-take-up of minimum income, Member States are recommended to reducing administrative burden, ensuring access to user-friendly, updated information on rights and obligations, and taking steps to combat stigmatisation and unconscious bias attached to poverty and social exclusion.

Member States are asked to ensure access to inclusive labour markets and recommended to ensure labour market activation, remove barriers to (re)enter and stay in employment, support people able to work in their pathways to quality employment, ensure incentives to work, tackle in-work poverty and labour market segmentation, incentivise formal employment, fight undeclared work and facilitate working opportunities. Member States are encouraged to facilitate this by ensuring the activation requirements provide sufficient incentives to (re)enter the labour market, improving investment in human capital through inclusive education and training policies, supporting up- and reskilling, and supporting work opportunities in the social economy sector, amongst other measures.

Furthermore, to guarantee access to enabling and essential services, Member States are recommended to ensure safeguarding continuity of effective access to essential services, including energy, and addressing financial and non-financial barriers to effective access to enabling and essential services⁸.

Finally, Member States are recommended to develop an individualised support approach and coordinate service provision. Recommended measures include carrying out a multi-dimensional needs assessment examining barriers to social inclusion and employment and, on that basis, no later than three months from accessing minimum income, drawing a personalised inclusion plan that defines joint objectives and timelines, outlines a package of support tailored to individual needs and assigns a case manager.

Eurodiaconia's assessment

Eurodiaconia welcomes the Council's adoption of a Recommendation on adequate minimum income, as it contains many positives aspects and aims to tackle the main existing issues on the topic.

⁸ In the European Commission's understanding, essential services comprise water, sanitation, energy, transport, digital communications and financial services; whereas enabling services refer to other services such as education, training, childcare, long term care, and healthcare.

However, 20 years of soft law approaches on the subject have shown that only with binding measures set by an EU Framework Directive on adequate minimum income, all Member States will be obliged to guarantee non-discriminatory and accessible income support schemes that incorporate minimum standards of adequacy set through common methodologies, to raise the living conditions of millions of people experiencing poverty and social exclusion.

A major missing point in the Recommendation is the absence of a strong rights-based approach. Minimum income schemes are non-contributory benefits and therefore need to be considered as right-based universal social protection systems. This means that they need to be provided to everyone in need and as long as needed without negative or punitive conditionalities to access and maintain minimum income benefits.

Another shortcoming is that automatic indexation of minimum income benefits is not included in the Recommendation. Member States are only recommended to regularly review and, whenever relevant, adjust the level of the benefits. This is problematic, particularly in times of high inflation, as the actual amount of benefits can drastically diminish if automatic indexation is not in place.

Equally, there is little mention of the need for coordination and integration of minimum income support and adequate social services provision, which is closely linked to the need for individualised and tailor-made support. Social service providers identify and support specific needs of individuals to develop person-centred pathways toward active inclusion into society.

Following the adoption of the Recommendation, on March 15, 2023, the European Parliament plenary adopted a [resolution](#) on adequate minimum income to modernise and strengthen national minimum income schemes (MISs) in EU Member States and make them more accessible. More importantly, a call for a binding EU framework Directive on adequate minimum income, which Eurodiaconia together with other Civil Society Organisations has long been advocating for, has been included in the resolution.

We advocate for a framework Directive that defines minimum income benefits relative to a country's income and real price levels, using reference budgets and the at-risk-of-poverty (AROP) indicator as a benchmark against real needs and real price levels in each Member State.

We therefore reiterate our urgent call for a binding EU framework Directive on adequate minimum income. We will continue advocating for minimum income to be adequate, accessible, and to be rooted in an active inclusion approach.

What can you do at the national level?

The Council Recommendation should now be implemented by each Member State. It is thus very relevant that you try to follow its implementation. Some actions that we suggest are the following:

- Assess the minimum income scheme that is in place in your country. Is it adequate, accessible, and available for everyone? Please share this information with us!
- Get in touch with your national responsible authority to find out
 - what measures are planned to modernise and strengthen minimum income schemes in your country
 - how can Civil Society Organisations in your country be involved in the development and implementation of the Council Recommendation and national Minimum Income Schemes
- Find out if there are any Civil Society coalitions in your country advocating for better adequate minimum income and join them.
- Raise awareness among the general population regarding minimum income benefit available in your country and try to spread information on how to receive this benefit.
- Monitor and try to influence the reporting of the national government to the Commission on the progress in implementing the Recommendation, happening every two years.
- In view of the 2024 European Parliament elections, reach out to your local candidates and ask them to support a EU Directive on Minimum Income.
- Take part in Social Platform Campaign on Minimum Income – more information will follow soon!