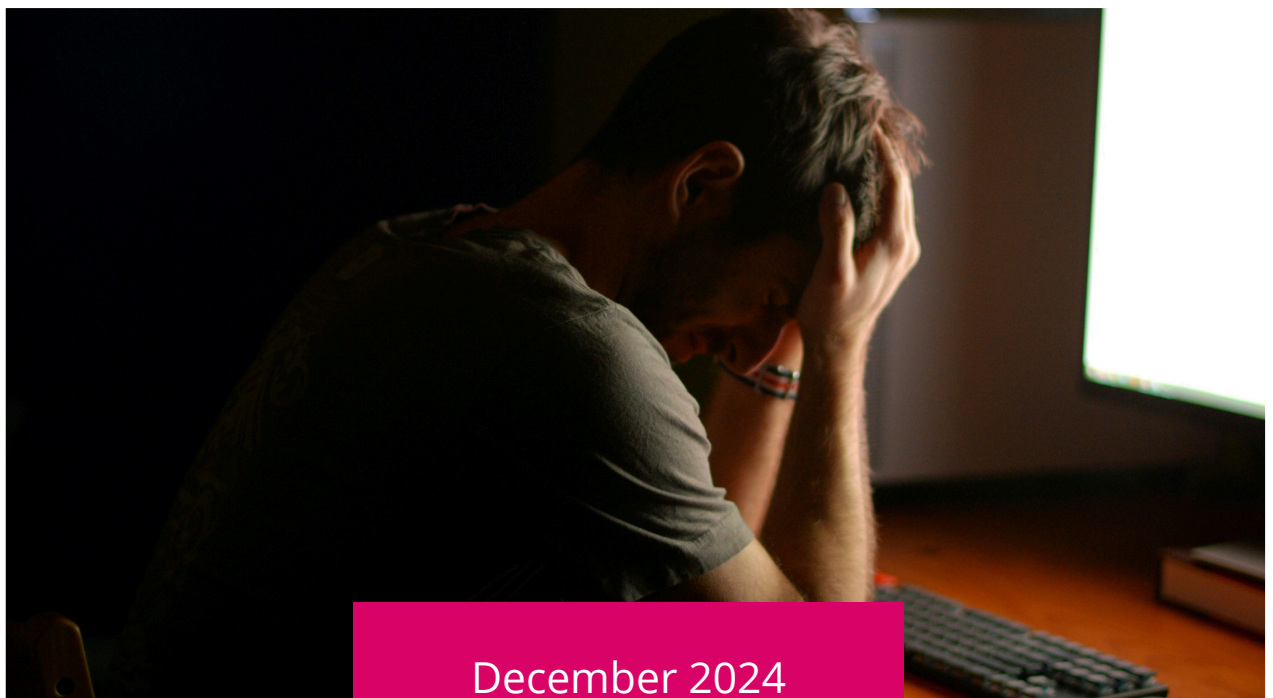


POLICY PAPER: IN-WORK POVERTY

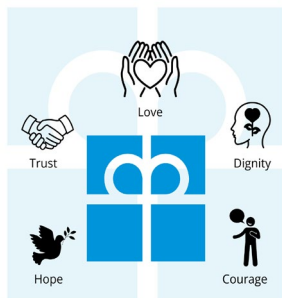
Precarious Work, Precarious Lives - Responses To In-Work Poverty



December 2024

Eurodiaconia is a European network of churches and Christian NGOs providing social and healthcare services and advocating social justice.

ORGANISATION VALUES



OUR MISSION AND VISION

Inspired by our Christian faith, our vision is of a Europe where social injustice is eradicated and each person is valued, included, and empowered to realize their fullest potential, particularly the most vulnerable and marginalized. Together we work for just and transformative social change across Europe.

WHO WE ARE

Eurodiaconia is a growing European network of churches and Christian NGOs with 61 national and regional organisations providing social and healthcare services, as well as advocating for social justice.

Eurodiaconia members provide diverse services to persons in need, working to see everyone live in dignity and their human rights are respected and protected. Services offered range from health care, childcare, elderly care, hospice and palliative care, youth inclusion programmes, employment and inclusion services to vulnerable groups such as migrants and Roma, housing services for persons experiencing homelessness and services to persons with disabilities. Eurodiaconia represents over 33 000 service centres, with approximately 1 000 000 staff and over a million volunteers are involved in providing diaconal services. For example one of our members Diakonie Deutschland is one of the largest providers of facilities for the care, support and persons in need in Germany. It offers 33 374 services and has a capacity of 1 018 000 beds/spaces, it employs approximately 627 349 qualified staff and has over 700 000 volunteers. Similarly, one of our members in Czechia, Slezska Diakonie, is one of the largest non-profit organisations providing quality social services in Český Těšín region. It offers more than 100 social services in more than 60 centres and has over 1200 employees. In France, our member Fédération de l'Entraide Protestante (FEP) represents approximately 370 member associations and foundations and provides more than 1000 services, with 24 000 employees and over 15 000 volunteers. These three organisations are just examples of the breadth of the delivery of the mission and vision of Eurodiaconia.

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INTRODUCTION

*“Adequate minimum wages shall be ensured, in a way that provide for the satisfaction of the needs of the worker and his/her family in the light of national economic and social conditions, whilst safeguarding access to employment and incentives to seek work. **In-work poverty shall be prevented.**”*

European Pillar of Social Rights, Principle 6

In-work poverty remains a persistent challenge in Europe, undermining the principle that employment should be a pathway out of poverty. Despite rising employment rates, millions of workers continue to struggle with low wages, precarious contracts, and insufficient social protections, leaving them unable to meet basic needs. Eurodiaconia members support these individuals every day by providing support services, advocating for fair wages and decent work conditions, and empowering them through tailored programs such as social and debt counselling, food banks, and family support services. Their support is multifaced, diverse, and targeted to the needs of families and individuals to seek solutions and improvements to the situation. In this paper, Eurodiaconia members have given their insights and experience with in-work poverty, for instance in Denmark, Finland, and the United Kingdom.

Eurodiaconia ensures that their experiences are heard at the European level. By providing expertise, sharing best practices, and amplifying the voices of people in need, we advocate for a social Europe that addresses the root causes of poverty and social exclusion in all their forms. To effectively combat in-work poverty, Eurodiaconia promotes robust social protection schemes, decent working conditions, fair tax systems, and access to high quality social services. This comprehensive approach is essential to ensure that the multifaced and interconnected causes of in-work poverty are recognised and addressed holistically.

This is especially important because for many years, income poverty and material deprivation have been perceived as the consequence of unemployment. Policymakers usually shared the common perception that “employment is the best protection against poverty”¹. This understanding has changed in recent years, and it is more and more acknowledged that income poverty does not only affect people in unemployment but also a relevant share of people actively participating in the labour market. While it is recognised that having a job is not always enough to protect people from poverty and social exclusion, in-work poverty is still too often perceived as a mere consequence of unemployment and low wages². Wages are an important factor contributing to in-work poverty, but other factors such as part time work and the composition of the household play a crucial role as well. Both academic research and the experience of social service providers underline that more needs to be done to combat in-work poverty and to ensure that work provides people, and especially families, with the means to live a life of dignity. As our member from Finland, Oulu Deaconess Institute, points out, in-work poverty might be a topic that is not very well recognised in politics and societies, but is a great challenge for people affected, causing stress, leading to reduced opportunities, and often creating a vicious cycle of lacking resources to escape the situation.

1 Hick, Rod & Marx, Ive (2022): Poor Workers in Rich Democracies: On the Nature of In-Work Poverty and Its Relationship to Labour Market Policies. In Institute of Labor Economics Discussion Paper Series IZA DP No. 15163, p.8.

2 Ibid, p.3.

WHY THIS POLICY PAPER?

Eurodiaconia's members are committed to promoting social justice across Europe. In their daily work, they encounter the harsh reality and diverse challenges that vulnerable groups experience, such as poverty, social exclusion, or material deprivation. Our members report that among those at risk of poverty and social exclusion, a significant share is employed or living in a family with working adult(s). Through their services like food aid, support for accessing affordable housing, or debt counselling centres, social service providers actively address the challenges of the working poor. They see increasing numbers of employed people sleeping in shelters for homeless people, single working parents unable to heat their homes in winter, and families with working adults depending on the services of local food aid systems due to the lack of adequate wages, inadequate targeted social protection, and high costs for food and essential services. Despite our members efforts to provide support to people in need, the structural challenges and inequalities persist, such as housing cost overburden, the unavailability of childcare, or the high costs of goods of everyday life. In light of these challenges, both the European Union and the member states need to address the root causes of in-work poverty.

This paper presents the current situation of the working poor in Europe, describes social service providers work to mitigate the consequences of in-work poverty, and outlines recommendations for the European Union and Member States to effectively support affected individuals and families.

WHAT IS IN-WORK POVERTY?

As the term suggests, the working poor are defined by two main characteristics: They are working on one hand and considered as poor on the other hand. In the European Union, every person aged 18 to 59 years who has worked for at least seven months in the past year is classified as 'working'. A person is considered 'poor' if their disposable income is below the poverty threshold of 60% of the national median equivalised income disposable income.³ The two indicators "working" and "poverty" are related to individuals at first, but due to the equivalised disposable income taken into account, the household dimension is included in the calculation. Therefore, measuring in-work poverty always includes an individual and a household dimension.⁴

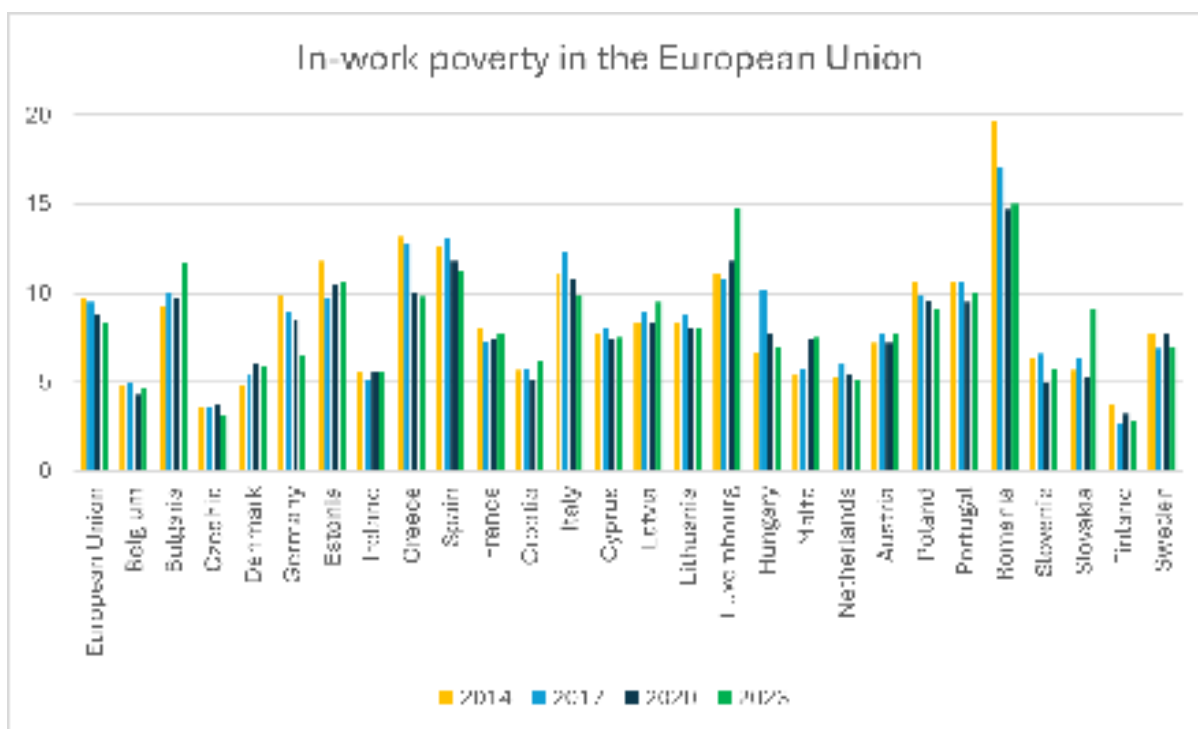
To effectively address in-work poverty, it is crucial to differentiate it from other forms of poverty, such as material deprivation. Material deprivation is an absolute measure, describing a person's ability to access a basket of basic goods and services. In contrast, in-work poverty is a relative concept shaped by a person's possibilities of participating in society. As a result, not every person experiencing in-work poverty also suffers material deprivation. But even though the rates of in-work poverty exceed those of material deprivation, 3.1% of workers were affected by severe material deprivation in 2019.⁵ Despite alarming shares of workers faced by in-work poverty, the overall level of material and social deprivation of workers has been declined in recent years.⁶

3 Eurostat (2024): EU statistics on income and living conditions (EU-SILC) methodology – in-work poverty. Online available: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_statistics_on_income_and_living_conditions_\(EU-SILC\)_methodology_-_in-work_poverty#Description](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_statistics_on_income_and_living_conditions_(EU-SILC)_methodology_-_in-work_poverty#Description) (accessed 22.08.2024).

4 Detailed description of the measurement of in-work poverty can be found in Ratti et al. (2022), p. 10-13

5 Ratti, Luca; Garcia-Munoz, Antonio & Vergnant, Vicent (2022): The Challenge of Defining, Measuring, and Overcoming In-Work Poverty in Europe: An Introduction. Book: In-work Poverty in Europe, Vulnerable and Under-Represented Persons in a Comparative Perspective, p.

6 Ratti et al (2022), p. 26, 32



In 2023, 8.3% of employed people⁷ in the European Union were affected by in-work poverty. The situation differs immensely between countries: Finland (2.8%), Czechia (3.1%), and Belgium (4.7%) have the lowest rates of working poor while in other countries, more than 1 in 7 workers experience in-work poverty (Luxembourg: 14.8%, Romania: 15%). Over the past 10 years, in-work poverty has seen a modest decline in the EU; back in 2014, 9.7% of Europeans were considered as working poor. On average, more men (9.1%) experience in-work poverty than women (7.4%) and young people between 18 and 24 years are disproportionately affected: the EU average was 11.6% in 2023 with peaks of 21% in Romania and 20% in Denmark and Estonia.⁸

⁷ Please find the definition of employed people at Eurostat (2024): https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Employed_person_-_LFS

⁸ Eurostat 2024: In-work at-risk-of-poverty rate by age and sex – EU-SILC survey, available online: https://ec.europa.eu/eurostat/databrowser/view/ilc_iw01_custom_12642605/default/table?lang=en

WIDE-RANGING DRIVERS, TARGETED SOLUTIONS: HOW EURODIACONIA MEMBERS COMBAT IN-WORK POVERTY

The drivers and causes of in-work poverty are multifaceted and intertwined. Especially in times of high living costs, many workers might not meet the official definition of 'working poor' yet struggle to make the ends meet by the end of the month. Additionally, people earning an adequate wage may still experience in-work poverty, as the wage they received does not adequately match the needs of their household composition. Therefore, the analysis of in-work poverty relies on multidimensional indicators and include both the individual and the household level as well as the institutional, structural level that highly influences the other levels. Additionally, people experiencing in-work poverty form a diverse group, with specific groups being more likely to be among the working poor in most countries. The Working Yet Poor project, funded by the European Union, defined four different groups of "vulnerable and underrepresented persons": Low- or unskilled employees, solo and dependent self-employed, flexibly employed workers, and casual and platform workers.⁹

Our members frequently engage with many of these groups and address the challenges by providing targeted support, including childcare services, family counseling, food aid, mental health counselling, and financial literacy programs, empowering families to better manage their resources and improve their living conditions. They underline that all their programs are open to everyone, free of costs, and usually low-threshold services, to ensure access to services without any form of stigma. Since in-work poverty is a complex, multifaceted challenge, guidance and support are as tailored to the needs of the beneficiaries as possible. On a policy level, Eurodiaconia advocates for structural change to tackle the root causes of in-work poverty by promoting stronger minimum wage frameworks, enhancing access to affordable childcare, and ensuring adequate social protections to prevent workers from poverty.

INDIVIDUAL LEVEL

The individual salary of a person plays an important role in determining in-work poverty, as adequate wages are an essential aspect for achieving decent living standards and conditions as well as to enabling economic stability for people and families. However, a person's salary alone is not enough to fully explain in-work poverty as it is influenced by other factors, especially the household composition. Therefore, the risk to be working yet poor is higher for people earning a low wage, but the share of low-wage workers generally exceeds the share of people experiencing in-work poverty. This disparity is largely influenced by the household factor: In many cases, a second earner in a household may bring in a low income, but this is offset by a primary earner's higher income, preventing the household from falling under the poverty line. The type of contract, work intensity and access to social protection schemes are also crucial factors that influence the risk of in-work poverty of individuals and families.

⁹ Working Yet Poor (2023): Main findings and policy proposals. Online available: https://workingyetpoor.eu/wp-content/uploads/2023/02/Main-findings-and-policy-proposals_brochure.pdf More information can also be found in Ratti, Luca; Garcia-Munoz, Antonio & Vergnant, Vicent (2022): The Challenge of Defining, Measuring, and Overcoming In-Work Poverty in Europe: An Introduction. Book: In-work Poverty in Europe, Vulnerable and Under-Represented Persons in a Comparative Perspective



Low skilled workers

In almost all EU member states, lower levels of skills and education are closely linked to higher rates of in-work poverty.¹⁰ In 2019, individuals with basic education faced a risk of in-work poverty more than four times higher than individuals with tertiary education.¹¹ Low skilled workers are often employed in low-wage sectors, such as accommodation and food service activities. Even with stable and long-term contracts, earning a decent wage in these fields remains difficult.¹² Approximately 10% of Europeans work in these sectors (2019), with a significant proportion being young people, women, and migrants. Workers in these industries experience higher levels of material deprivation compared to the average employee. The situation is particularly challenging for adults with dependent children working in these sectors, as the risk to experience in-work poverty rises to 11.7% for households with more than two dependent children.¹³

Promoting access to the labour market and decent jobs for underrepresented groups such as low skilled workers, but also people with disabilities or long-term unemployed is an integral part of Eurodiaconia's members' work. Next to the challenge of labour market integration, our members also see a skill mismatching, leading to missed opportunities for both the workers and the employers. Therefore, **upskilling and reskilling** of workers as well as good relationships with companies and employers on local and regional levels are needed to truly match workers, skills, and jobs. To achieve this goal, a rights-based approach is needed to ensure active integration in the labour market and access to good quality jobs, including targeted support for long-term unemployed individuals and accessible vocational training to promote lifelong learning, especially for vulnerable groups.

As a good example, our member Lahden Diakonialaitos – Lahti Diaconia Foundation (DILA) currently implements the project *Work and Food* (Työtä ja ravintoa) to promote access to the labour market for long-term unemployed, mostly low-skilled individuals. By upskilling people and actively integrating them in the food aid chain as workers, DILA does not only provide steps towards better labour market participation for the participants of the program, but also supports households in need with the food aid.¹⁴

Flexible employed workers (especially temporary work & involuntarily part-time workers)

In 2019, the risk of in-work poverty was twice as high for part-time workers compared to those working fulltime.¹⁵ Nearly 5% of workers are involuntary part-time workers and 11% are temporary workers; both groups face a comparably higher risk of poverty than the average worker. Single worker households with part-time or flexible contracts are particularly vulnerable, with a poverty risk three times higher than those with higher work intensity.¹⁶ In 2014, 29% of involuntary part-time workers – mostly women - were working yet poor compared to 14% of all part-time workers and 5% of fulltime workers.¹⁷ Significant factors contributing to involuntary part-time employment include the lack of available and affordable childcare and missing flexibility in work arrangements.¹⁸

10 Eurofound (2017): In-work poverty in the EU, p. 7, online available: <https://www.eurofound.europa.eu/en/publications/2017/work-poverty-eu>

11 European Social Policy Network (2019): In-work poverty in Europe – A study of national policies, p. 10. Online available: https://www.researchgate.net/publication/333419693_In-work_poverty_in_Europe_A_study_of_national_policies

12 Ratti et al (2022), p. 18-19

13 Ibid, p. 25-27

14 You can read more about the project here: <https://dila.fi/tyota-ja-ravintoa-lahden-malli/>

15 ESPN, p. 10

16 Ibid, p. 27-32

17 Eurofound (2017), p. 7-8 ; Ratti et al. (2022), p. 21, 27

18 Ibid, p. 10

These numbers are underlined by Eurodiaconia's members' reports. According to their experience, single-parent households face significant challenges and often remain in poverty despite the adult being employed. Many of the parents – often women – cannot work fulltime due to care responsibilities. Accordingly, the overall lack of childcare and early childhood education facilities directly contributes to a lower labour market participation and lower work intensity of women.

For instance, Diakonie Germany highlights that single parents face a disproportionately high risk of poverty, with 40% of single-parent families requiring additional social benefits and minimum income support. The situation is particularly challenging for parents who work—often full-time—but earn just enough to exceed the threshold for further assistance, leaving them in a precarious financial position without access to the social protections they still need.¹⁹ To support these families, Diakonie Germany offers a wide range of services, such as family counselling centres, debt counselling, food banks, and childcare facilities across the country.

In the United Kingdom, our member The Free Churches Group reports that the risk of in-work poverty is especially high for families with some adults working part time, with 58% of these families being working yet poor. This leads to the fact that 7 out of 10 children growing up in poverty in the UK today are living in a working family. These statistics turn into a reality in their everyday services: The debt centers see an increasing number of clients in general, and among them an increasing share of people in work. In their experience, 20% of the families using their debt counselling service are “in a negative budget”: After taking into account all income and benefits as well as essential costs and expenses, the family is already in a deficit. Our Finish member Oulu Deaconess Institute reports a worrying trend of cuts in public spending, leading to reduced social benefits. In times of high costs of living for families and people with low-income, the reduction of unemployment and income benefits, housing allowances, and educational support leaves families and individuals at risk of poverty struggling to make ends meet. They also report that large families, single parents, part-time workers, people with disabilities, and families facing unexpected life challenges, such as divorce, death, or illness, are among those most affected by in-work poverty.

While many of our members provide **childcare and long-term care facilities**, as well as other forms of support for families, such as family counselling centres, the structural challenges persist. In times of financial constraints and cuts in public spending, social services are often among the first to be impacted.²⁰ This means that instead of easing the obstacles by providing accessible, affordable and high-quality care services that allow people – and especially women – to increase their work intensity, these cuts may lead to further challenges and care duties for families.

The European Child Guarantee, passed in 2021, sets the ground to effectively prevent and combat social exclusion and poverty of the most vulnerable children, for instance by guaranteeing access to free early childhood education and care. However, the implementation of the recommendation is only moving slowly in many member states, leading to a lack of free high-quality childcare in many regions. To break the intergenerational cycle of poverty, more investments and support for vulnerable and low-income families is needed.

19 Diakonie Germany: <https://www.diakonie.de/informieren/infothek/aktuelles/themen/hilfen-fuer-alleinerziehende#:~:text=Die%20Diakonie%20bietet%20ein%20umfassendes,Schwangerenberatungsstellen>

20 Please find more information on the impact of public funds on social services in Eurodiaconia's policy paper on the future of social services: https://www.eurodiaconia.org/wordpress/wp-content/uploads/2024/12/Future-of-Social-Services_10122024.pdf

Migrants

One other group that can be disproportionately affected by in-work poverty are migrants. However, it is difficult to precisely describe their situation as EU data only differentiates between 'national', 'EU citizen' and 'non-EU citizen' without providing disaggregated data regarding the country of origin, education level, or legal status, even though these characteristics are important factors that raise or lower the risk of in-work poverty.²¹ Nevertheless, there are indicators that a migrants with temporary contracts or part-time jobs face a higher risk of in-work poverty. Additionally, migrants are more likely to be employed under these contracts or in challenging working conditions and are more likely to work in elementary occupation jobs.²² Lastly, migrant households tend to have fewer full-time employed members, and a lower work-intensity compared to native households, further contributing to their vulnerability to in-work poverty.²³

HOUSEHOLD LEVEL

At the household level, factors such as the number of dependents, household work intensity, and the income of all members are key determinants of in-work poverty. Households with single parents and large families face a significantly higher risk, as do those with low work intensity. Especially larger families with a comparably low work intensity are affected by in-work poverty. Overall, the household composition and work intensity shape the risk of in-work poverty to a greater extent than the individual wage of a worker. Therefore, the role of social benefits is vital to support the households in need.

Our Danish member Kirkens Koshaer – DanChurchSocial also reports that they meet the working poor in their facilities, among them family cafes and homelessness shelters. Especially in the homelessness shelters, they see the consequences of the low wages and inadequate working conditions of migrant workers with temporary jobs.

Eurodiaconia members are on the frontlines, supporting workers facing these challenges. They provide fundamental services such as food aid, affordable housing assistance, and support to access social benefits, helping individuals supplement their income and avoid the worst impacts of poverty. Nevertheless, they experience the consequences of (in-work) poverty and social exclusion every day. For example, our UK-based member The Free Churches Group saw a sharp increase of workers in their food aid activities: in 2024, 1 in 5 foodbank guests were working; back in 2012 it was less than 1 in 10. They also adapted their shelters for people experiencing homelessness by investing in infrastructure and changing operational hours to acknowledge the rising share of people getting ready to go to work in the morning or arriving late from work in the evening. Our Danish member Kirkens Koshaer also reports that they meet the working poor in their facilities, among them family cafes and homelessness shelters. Especially in the homelessness shelters, they see the consequences of the low wages and inadequate working conditions of freelance jobs and platform workers.

In Poland, our member Diaconia Poland set up a cash support program for people in need, especially Ukrainian refugees. Among them, workers and single-parent families were faced by poverty and social exclusion despite working. Since their income was not high enough to make the ends meet, Diaconia Poland handed out cash (600-700 PLN per month) to top up the disposable income of the

21 Hick & Marx (2022), p.6

22 Ratti et al. (2022), p. 5; Eurofound (2017), p. 8

23 Eurofound (2017), p. 8

household. In a cooperation with other civil society organisations and churches, our member was able to support 2,750 households in 2023.

Our members' experiences clearly underline the need for adequate social protection schemes that include social and family benefits for workers and their families. Workers must have access to adequate and easily accessible social protection, including **minimum income schemes** that effectively contribute to the disposable household income. The possibility to complement wages with minimum income schemes or family benefits must be strengthened to ensure that workers, especially with dependent children in their household, have the possibility to lift their family above the poverty line. Therefore, Eurodiaconia advocates not only for adequate minimum wages and fair working conditions, but also for stronger protections for those in precarious or part-time employment. This work contributes to addressing in-work poverty at its root while promoting social inclusion and economic resilience.

STRUCTURAL LEVEL

As described in the previous chapters, institutional and structural factors play a significant role in shaping the levels of in-work poverty.²⁴ The availability, affordability, and quality of early childhood care and education, as well as long term care and health facilities, have a considerably high impact on the employment status and work intensity of women.²⁵ Other structural factors such as tax systems, adequate wages, and access to social benefits influence the disposable income of households and can actively reduce or contribute – if not accessible - to in-work poverty.²⁶ The affordability of housing, housing cost overburden, and homelessness contribute to the challenging situation of the working poor.²⁷

Policy advocacy by Eurodiaconia focuses on improving access to affordable childcare, promoting social and affordable housing, and designing tax and benefit systems that account for family size and composition. These measures aim to reduce the financial strain on vulnerable households, ensuring that employment translates into a better quality of life.

Labour market policies are also essential in shaping the extend of in-work poverty. In recent years, many governments have implemented “Active Labour Market Policies” with the objective of “getting people into work”. While the goal is inherently positive, the nature of the jobs and working conditions provided are crucial in determining whether individuals can achieve a decent standard of living through employment.²⁸ However, as previously noted, work itself is not a guarantee to escape poverty. Instead, bringing people into low-paid jobs may reduce unemployment statistics but simultaneously increase the prevalence of in-work poverty.²⁹

Therefore, Eurodiaconia stresses the need for well-balanced labour market policies, rights-based and person-centred approaches that consider the wellbeing and skills of workers, and the support of social economy actors, as they are crucial source of good quality jobs.

24 Hick & Marx (2022), p. 4

25 ESPN (2019), p. 12

26 Ratti et al (2022), p. 6

27 European Parliament resolution of 10 February 2021 on reducing inequalities with a special focus on in-work poverty (2019/2188(INI)), online available: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52021IP0044>

28 The impact of these policies on the development of in-work poverty is challenging to evaluate because the effects are diverse and in-work poverty cannot be attributed to a single, direct cause (for further elaboration, please see Ratti et al 2022, p.9).

29 Eurofound (2017), p. 1

EURODIACONIA MEMBERS ADDRESSING THE CONSEQUENCES OF IN-WORK POVERTY

The consequences of in-work poverty can be severe. The working poor experience higher levels of economic, social, and health-related problems compared to workers not affected by poverty and report a lower level of well-being than the average working population.³⁰

SOCIAL AND MATERIAL DEPRIVATION

Generally, being employed often provides people with a social network and some sort of safety net, enabling social participation and inclusion which can contribute to improving living standards. As a result, material deprivation is higher among unemployed people in poverty than the working poor, which indicates that next to income, the non-monetary benefits of employment may help to reduce material deprivation and improve social inclusion. However, the working poor face higher risks to experience material deprivation than the average working population.³¹

In France, the Fédération de l'Entraide Protestante (FEP) collaborates with members across the country to support families in need. A notable example is *Résonance*³², a comprehensive service based in Colmar (Alsace), which provides counseling, pre- and after-school care, and leisure activities. For low-income families, access to such services is vital, as they significantly contribute to social inclusion but are often expensive and therefore inaccessible. *Résonance* integrates seven specialized units within a single organization, offering targeted support and easy access for families. Their work begins early, with a strong focus on prevention, including courses for expectant parents as a cornerstone of their approach.

HOUSING

In-work poverty has serious consequences for the housing situation and conditions of affected families: Households faced with in-work poverty are twice as likely to live in an overcrowded house (almost 30%). Moreover, their housing and surrounding environment are often perceived as less satisfactory due to limited green areas, poor lighting, and violence in their neighborhoods.³³

Our Swedish member, the Swedish City Mission, has set up a housing agency in the cities of Stockholm and Gothenburg. Bobyrån serves as both a housing agency and landlord, assisting people who face challenges entering the conventional housing market. Unlike traditional agencies, Bobyrån prioritises housing allocation based on need rather than waiting time or financial status. The program targets people who have been evicted, have payment complaints, or find themselves at the end of the municipal social housing queue. People in employment are also among their target group, especially individuals and families that need to leave their homes following relationship break ups but are not eligible for housing support due to their job. Most of the apartments are owned by private owners wishing to contribute to a fairer and more affordable housing market. To maintain the good relationship with the owners and the tenants, Bobyrån remains in steady contact with both sides.³⁴

30 Eurofound (2017), p. 6

31 Wolf, Fridolin; Lohmann, Henning & Böhnke, Petra (2022): The standard of living among the poor across Europe. Does employment make a difference? In *European Societies*: 24, 5 (548-579), p. 567 & 575

32 Learn more about their work here: <https://resonance.alsace/2-nos-poles/pole-enfance/>

33 Eurofound (2017), p.30-34

34 Learn more about the project here: <https://www.stadsmissionen.org/bobyran/>

OVERALL WELLBEING AND SOCIAL EXCLUSION

In 2013, the working poor reported significantly higher stress as well as higher levels of feeling depressed and nervous than the average working population. Nearly 1 in 4 workers living in deprivation felt very nervous, and 1 in 6 reported frequent feelings of being downhearted or depressed most of the times (compared to fewer than 1 in 7 and 1 in 20, respectively, among the general workforce). Temporary contracts further exacerbate mental health wellbeing, with workers (especially those faced with in-work poverty) feeling more nervous and downhearted than those with permanent contracts. Yet even these workers report better mental health than unemployed individuals at risk of poverty, particularly regarding depression rates.

The household income of the working poor typically exceeds that of unemployed individuals in poverty but remains below households not experiencing poverty. As a result, the working poor face greater economic stress than other workers but less than the unemployed. Despite this, employment is linked to higher subjective well-being, underscoring the positive impact of having a job on life satisfaction.

Social exclusion is also widespread among the working poor. They report lower satisfaction with personal relationships than the average worker, less trust in others, and limited ability to seek help, with nearly 10% feeling they have no one to discuss personal matters with or rely on for help. These feelings are especially prevalent in countries where overall satisfaction with relationships and trust in others are lower. Many of the working poor, particularly those in deprivation, feel left out or looked down upon. Overall, people experiencing in-work poverty face a higher risk of social exclusion than the average working population.³⁵

Our member Diakonie Düsseldorf has built up a broad network of facilities and support mechanisms for families in need throughout the city of Düsseldorf (Germany). Families can visit their counselling centres, childcare facilities, or debt counselling services to receive advice and help. They also run several food banks with integrated social counselling, offering a low threshold for people seeking support. Thanks to their broad network and expertise, they are able to offer targeted support. Especially the family counselling centres are a crucial part of their work, offering help for parents, dedicating time for the children, and trying to find the best solutions for the families.³⁶

³⁵ Eurofound (2017), p. 27-32

³⁶ Learn about their work here: <https://www.diakonie-duesseldorf.de/jugend-familie/beratung-therapie/evangelische-beratungsstellen>

WHAT IS THE EU DOING TO COMBAT IN-WORK POVERTY?

COUNCIL RECOMMENDATION ON ADEQUATE MINIMUM INCOME ENSURING ACTIVE INCLUSION

The Minimum Income Recommendation, adopted in 2023, includes provisions to address in-work poverty. It stresses the possibility to combine wages and minimum income if households are struggling to make the ends meet. The recommendation also highlights that minimum income can complement in-kind benefits by ensuring access to social services such as childcare, long-term care, and social housing, as well as essential services, including energy. Minimum income is thus understood as an integral part of a robust social protection system, that – whether by itself or as a top up of insufficient wages – ensures a life in dignity and enables people to access services. It is recognised that minimum income also plays a crucial role in times of economic hardships of a household, supporting sustainable recovery and ensuring that the household does not fall below the poverty line. Finally, the recommendation underlines the importance of well-designed tax and benefit systems. Since these systems are crucial in determining the disposable household income, low-wage traps must be avoided and a gradual phasing out of income support should be promoted to prevent in-work poverty.

DIRECTIVE ON ADEQUATE MINIMUM WAGES IN THE EUROPEAN UNION

The Directive on Adequate Minimum Wages³⁷ was agreed upon in 2022. By establishing a framework for the adequacy of statutory minimum wages, the directive aims to ensure decent working and living conditions as well as a reduction of in-work poverty. A key component is the promotion of collective bargaining, especially in member states with a bargaining coverage rate below 80%. These member states are required to publish an action plan and elaborate their methods on how to reach the target threshold. Additionally, the access to minimum wages should be enforced by ensuring effective controls of the adherence to minimum wages, strengthening the capabilities of enforcement authorities, and improving effective access of workers to rights to minimum wage protection (where provided for in national law and/or collective agreements).

The directive does not aim to establish EU-wide minimum wages but focuses on ensuring that minimum wages are aligned with national contexts and improving living and working conditions at the national level. Member states are supposed to include certain criteria in the process of determining a statutory minimum wage, such as the purchasing power, the cost of living, or the general wage distribution. When determining the minimum wages, they are encouraged to include reference values, such as the so-called “double decency threshold” of 60% of the gross median wage (often considered as the poverty threshold) and 50% of the gross average wage. Furthermore, social partners should play a key role in the negotiations.

Adequate wages are an important pillar to ensure a life in dignity for workers and their families. The directive has the potential to lift people and families out of income poverty and ensure better working and living conditions if correctly applied. While all member states are required to implement the directive by the 15th of November 2024, trade unions point out that this deadline for implementation has not been fully met by many Member States.³⁸ Some have made progress and took the right steps to ensure adequate minimum wages according to the directive. But others, like Czechia, where guaranteed wages for private-sector workers were removed which could lead to lower salaries in as a result, risk undermining its goals.

³⁷ Directive (EU) 2022/2041 on adequate minimum wages in the European Union, online available: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32022L2041>

³⁸ ETUC (2024): Member states failing to deliver minimum wage directive, online available: <https://www.etuc.org/en/pressrelease/member-states-failing-deliver-minimum-wage-directive>

EUROPEAN PARLIAMENT RESOLUTION OF 10 FEBRUARY 2021 ON REDUCING INEQUALITIES WITH A SPECIAL FOCUS ON IN-WORK POVERTY (2019/2188(INI))

In February 2021, the European Parliament adopted a resolution to draw attention to in-work poverty within the EU.³⁹ Considering drivers of inequalities and in-work poverty, such as declining collective bargaining coverage, the increase of atypical and precarious employment, and the economic and social consequences of the COVID 19 pandemic, the Parliament called for a stronger effort to address inequalities in general, and in-work poverty specifically. The resolution emphasises that in-work poverty fundamentally contradicts one of the main purposes of employment, namely, to empower people and families to be economically independent.

Certain groups are identified as disproportionately being affected by in-work poverty, including young people, people with disabilities, migrants and refugees, and Roma communities specifically, and low-income groups generally. To combat in-work poverty, the Parliament calls for an integrated approach that strongly links in-work poverty with the overarching goal of eradicating poverty across the EU. Key measures include improving work conditions, ensuring adequate wages, and strengthening collective bargaining, but the Parliament also highlights the necessity of good public and social services. Accordingly, these services, including healthcare, education, affordable housing, and energy supply, should be available and affordable for all to ensure a decent standard of living. Moreover, the Parliament stressed the need for inclusive and easily accessible social protection schemes to especially support for vulnerable workers.

Many of the calls for action and initiatives have been addressed by the Commission, such as the European Care Strategy, a European Framework on Minimum Income, the directive on adequate minimum wages, or a new disability strategy. However, implementation at member states level faces significant challenges. Persistent issues include access to affordable housing, availability of quality childcare, minimum wage above the poverty threshold, or the effective inclusion of people with disabilities in the labour market.

39 Online available: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52021IP0044>



WHAT IS NEXT? EURODIACONIA'S POLICY RECOMMENDATIONS

To address in-work poverty effectively and sustainably, structural changes at the policy level are needed. Affordable and accessible childcare and long-term care facilities, adequate wages, fair tax systems, and targeted support for the most vulnerable must be ensured to combat poverty – including in-work poverty – across Europe. While our members' work on the ground continues to make a tangible difference, addressing the root causes of poverty is essential for creating societies that leave no one behind. The European Union already has tools that can support the combat against in-work poverty, among them the Recommendation on Minimum Income, the Minimum Wages Directive, or the European Child Guarantee. A swift and ambitious implementation of them could ensure that individuals and families are lifted above the poverty line, especially when they are employed. Moreover, specific actions are needed:

RECOMMENDATIONS TO THE EUROPEAN COMMISSION AND THE MEMBER STATES

INCLUDE IN-WORK POVERTY IN ALL EFFORTS TO COMBAT POVERTY

Even though in-work poverty has gained increased attention in recent years, poverty is still too often regarded solely as a consequence of unemployment. The working poor represent a significant share of people at risk of poverty and social exclusion; therefore, the need to combat in-work poverty must be part of the broader goal to combat poverty generally. The specific needs and challenges of the working poor should be included in the EU Anti-Poverty Strategy and the revised Action Plan on the European Pillar of Social Rights. Given its multifaceted nature, in-work poverty must be approached as a crosscutting issue, extending beyond principle 6 of the Pillar and the narrow focus on wages alone.

FOCUS ON UPSKILLING, RESKILLING, AND ACCESS TO QUALITY JOBS

The risk of experiencing in-work poverty is significantly higher among people with lower levels of education and skills compared to those with higher qualifications. Addressing this disparity requires the prioritisation of upskilling and reskilling initiatives to help workers finding or transitioning into quality jobs with adequate wages and decent working conditions. Reskilling, upskilling, and programs to access the labour market should always follow person-centred and rights-based approaches to be sustainable and successful in the long-term and allowing a good quality of life for the workers. To reach these goals, the programs must be based on robust funding. The next MFF should therefore include adequate funding opportunities such programs, based on quality standards to ensure a rights-based approach. These efforts should also keep in mind the digital and green transitions and equip workers with essential skills for the labour market.

Concerning employment policies, dual focus is essential: While encouraging and fostering labour market participation is important, emphasis must be placed on bringing people into decent, quality jobs that actually enable them to social inclusion.

IMPROVE ACCESS, AFFORDABILITY, AND AVAILABILITY OF CHILDCARE AND LONG-TERM CARE AND SUPPORT SOCIAL SERVICE PROVIDERS

The lack of early childhood care and education as well as long-term care facilities is a critical driver of low work intensity, including involuntary part-time work, which significantly contributes to in-work poverty. To address these gaps, affordable, accessible, and high-quality child and long-term care is needed to enable better labour market participation, particularly for women. The availability of such services can help families achieve greater economic stability, and to take a significant step towards overcoming poverty. Generally, access to social services is essential to provide necessary support for people in need, including the working poor. To ensure the effective and high-quality delivery of these services, non-for-profit social service providers must have access to adequate and sustainable funding. Investing in social services safeguards the provision of support for vulnerable groups but also strengthens the necessary combat against poverty and social exclusion.

RECOMMENDATIONS TO THE MEMBER STATES

FULLY IMPLEMENT THE DIRECTIVE ON ADEQUATE MINIMUM WAGES

The directive on adequate minimum is a significant milestone for European workers, aiming to ensure that wages actually lift workers above the poverty line. While some countries have made progress in implementing the directive, those lagging behind must intensify the efforts to truly establish adequate minimum wages. The effective implementation must be enforced, monitored, and controlled to ensure good working and living conditions. In line with the directive, the costs of living and the purchasing power should be considered during national minimum wage negotiations. Additionally, the “double decency threshold” – set at 60% of the gross median wage and 50% of the gross average wage - should be implemented to ensure that workers can effectively leave poverty behind.

STRENGTHEN SOCIAL PROTECTION SCHEMES AND ENSURE ACCESS TO ADEQUATE MINIMUM INCOME

A comprehensive approach to combat in-work poverty is needed due to its multidimensional root causes. While policies such as the minimum wage directive will have a positive impact on many people if effectively implemented, some aspects of in-work poverty cannot be covered by adequate minimum wages only. For instance, a minimum wage is calculated on the needs and poverty threshold of one person but a household with dependent children will not be able to live of it; therefore, supporting measures and strong social protection scheme are crucial to lift households out of poverty. Data shows that adequate and targeted family benefits indeed have a positive impact on households with children by reducing their poverty effectively.⁴⁰ Social protection schemes must be targeted and especially address the challenges and vulnerabilities of single parent households or large families, both being particularly vulnerable to experience in-work poverty. A well-balanced approach combining work income and state-provided minimum income is essential, especially for part-time workers, vulnerable families, and households with lower levels of work intensity.

40 ESPN (2019), p. 11