



WE NEED AN EU DIRECTIVE ON **ADEQUATE** **MINIMUM INCOME**

Greens/EFA Position Paper

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CONTENTS

- **Background**
- **Introduction**
- **Scope**
- **Criteria**
- **Demands**
- **Goals**

BACKGROUND

The Commission will publish a Council Recommendation on Minimum Income Schemes (MIS) on the 28th of September. We expect the Commission to welcome the fact that all Member States have finally established a MIS of some sort. The Country Specific Recommendations (CSRs) of the Semester have also been insisting on the matter, but not all Member States have set their MIS above the poverty line.

The Commission doesn't necessarily see this as a means to lift people out of poverty, but rather as a tool for reinsertion into the labour market, while we see it as both (for those who can work).

INTRODUCTION

We need an EU Directive on Adequate Minimum Income to ensure that everyone has a living income that provides them with the financial resources needed to ensure a life in dignity.

There are currently 96.5 million people in the EU at risk of poverty and social exclusion, which represents 21.9% of the population. The gender poverty gap has increased for the past 5 years, as women are increasingly and disproportionately more affected by poverty and the risk of social exclusion. Additionally, a World Bank report estimated that an additional 68 to 135 million people could be pushed into poverty by 2030 because of climate change.

Around 35% of the working age EU population at risk of poverty is not covered by minimum income or any other social benefits. Benefit systems in Member States are inadequate to guarantee every person a decent standard of living in one of the richest regions of the world.

Climate change has been hitting the poorest the hardest, since extreme weather has caused inflation in various sectors such as food items ("heatflation"), clothes or electronics. On top of that, we are still recovering from the Covid19 pandemic, and mitigating the rise in the cost of living due to high inflation caused by the invasion in Ukraine. The cost of in-action now has never been higher.

This paper does not intend to go into the specific funding mechanism of such legislative instrument, but the Greens/EFA group has always called for a revision of the taxation system, key to such funding, that ensures substantially higher contributions from the wealthiest as well as the biggest polluters.

SCOPE

A minimum income must be able to lift every adult and their dependent children out of poverty and deliver a decent standard of living. It enables people to participate in society, undergo training or look for work for those who can.

Women, single-parent households, persons with disabilities, and with long-term disease, people with migrant or minority backgrounds, homeless people, the LBGTIQ+ community, those suffering from intersectional discriminations, and the unemployed are those most affected by poverty or at risk of falling into poverty¹. We need a social union where everyone has the tools to thrive and enough to live with equal rights, in dignity.

CRITERIA

Adequacy: means sufficient for a dignified life. Greens/EFA's key demand is to have the minimum income level above the 60% of the national median income, meaning, above the at-risk-of-poverty (AROP) threshold, by an amount that reflects other indicators such as reference household budgets, which consider a set of goods and services provided in each country.

These should be provided in the form of cash and topped up with in-kind benefits or allowances which take into account the specific needs of individuals and intersecting inequalities, such as disability-related expenses or childcare (which should not be included in the means-testing of the MI itself).

For MIS to be adequate, they need to be evaluated, updated, and compared to the actual costs of living for different individuals within different households, and across regions. There should be an automatic adjustment mechanism activated at least annually or more frequently in times of crisis, embedded in the proposal to ensure that the level of the allocation is adjusted based on changes in the national median income and cost of living.

While we know that all Member States have some sort of MIS, we call for a legislative instrument that includes a non-regression clause across Member States and their benefits level to guarantee upward social convergence.

Accessibility: access to MIS is a fundamental right. It must be comprehensive and non-discriminatory and must be provided with no administrative barriers, for all people who need it for as long as they need it.

We want a safety net that protects all persons in need, therefore, we call for a broadening of the eligibility criteria , to ensure maximum access and avoiding any

1. <https://www.socialplatform.org/wp-content/uploads/2020/09/EUDF-Position-Paper-.pdf> (page 9)

form of deduction directly or indirectly linked to age, gender, or ethnic background among others.

We deplore the non-take-up problem of minimum income benefits, rooted in lack of awareness of types of entitlements or criteria for beneficiaries, restrictive and complex administrative procedures, and stigmatisation of a person when they articulate the need of social assistance.

Enabling aspects: it needs to be part of an proactive inclusion strategy and have people's participation and well-being at its core, involving both general policies and target measures (in terms of housing, health care, education and training, and social services).

We, as Greens/EFA, want MIS to be a support system that promotes access to quality services and empowers those who can work into quality and safe jobs. Access to social and health and prevention services need to be provided with special attention to the territorial availability, and the accessibility and affordability of services.

DEMANDS

1. Existing soft law mechanisms such as the CSRs and the Social Scoreboard in the European Semester or the Social Protection Committee, have not been enough to set MIS above the AROP. We demand an **EU Directive on Adequate Minimum Income**.
2. While today all EU Member States now have some sort of MIS, none has set schemes at a level above the AROP threshold, which practically means that those receiving minimum income do not have enough income to make ends meet. We call on all Member States to set their **MIS above the 60% median income (before the social top-ups previously mentioned) at a level that reflects the true cost of living**.
3. **Have a rights-based approach.** We believe that an adequate minimum income is a social and human right for all people through life, and therefore it must be available for everyone as long as it's required. Administrative procedures to its access must be transparent and comprehensive.
4. **Individual means-testing** in order to ensure protection for each individual. Each person in a household should be financially independent. By applying household means-testing, which falsely assumes that members of the household pool and distribute their resources equally, we are creating a cycle of dependency that reinforces the male-breadwinning model and does not lead to an individual's full enjoyment of their rights. It has a negative effect on women's economic

independence, which can result in economic gender violence and limit women's options to escape gender based violence and abuse.

5. **Common definitions at EU level for adequate, accessible and enabling MIS** that acknowledge the difference of national security systems, respect the principle of subsidiarity, but achieve a level playing field.
6. Tackle the non-take-up problem by:
 - a. Increasing awareness of the availability of MIS via outreach activities
 - b. Simplifying the bureaucratic process** and reduce the administrative restrictions to access them by addressing the digital divide and providing tailored support to each group of people in the application process.
 - c. Defining provisions that ensure non-discrimination against any group of beneficiaries and pro-actively **tackle stigmatisation** towards those who receive a minimum income.
 - d. Identifying a level of coverage below which Member States have additional reporting obligations
7. **A proactive identification of and communication to eligible persons and granting of such benefit**, meaning without the recipient having to request it (social services and administration should not merely wait for its application). It needs to be catered to the specific needs of the individuals and taking into account intersecting forms of inequality. Minimum incomes must be **compatible with other kinds of benefits**, such as disability benefits **and not decrease the standard of living of those beneficiaries**.
8. **Not contain negative conditionality** such as total or partial cuts, imposed public work, forced volunteering, obligatory spending conditions, or the acceptance of any kind of poor quality training or job offer. For those who can work, participation in suitable, quality programmes aiming at (re)integration into the labour market may be offered.
9. **Involvement of social partners and civil society organisations** in the development, implementation, and monitoring of MIS. We need an increase in the number of adequately trained social workers to enable them to work in optimal conditions for the personalized assistance of vulnerable people. Constant interaction with them in policy making is key as they have direct contact with the needs on the ground.
10. **Effective adjudication by independent bodies and the right to appeal** must be provided and easily accessible for everyone.

GOALS

- ✓ Contribute to lifting people in Europe out of poverty by providing them with a minimum income that is set above the 60% of the median national income after social benefits, together with other indicators such as reference budgets.
- ✓ Use this Directive as one of the legal tools that binds all EU Member States to achieve the EU social target to reduce by at least 15 million the number of people at risk of poverty by 2030 set out in the European Pillar of Social Rights Action Plan.
- ✓ Combine it with better access to quality services as we, Greens/EFA, believe that MIS alone are not sufficient to lift people out of poverty and targeted measures to facilitate entry into the labour market for those who can work.
- ✓ Fulfilment of the art 153(1)h TFEU on the “integration of persons excluded from the labour market” for those who can work, and Principle 14 of the EPSR.
- ✓ Tackle (intergenerational) poverty and inequalities, for instance by implementing a more progressive taxation system that effectively tackles tax evasion and redistribute it in investments in MIS.
- ✓ Contribute to gender equality by facilitating women’s economic and financial independence and women’s bargaining power when negotiating the conditions of employment, access to more options in housing and childcare; provide financial security for women to leave abusive relationships and lead to improved physical and mental health.
- ✓ Value unpaid work mostly carried out by women and encourage equal distribution of care responsibilities. By giving access to MIS, we are providing everyone with a more effective opportunity to engage in care work, recognising its value for the economy and society. This needs to be accompanied by policies that promote and encourage a more equal and fair redistribution of care responsibilities among genders. Foster further upward social convergence within and across Member States. The recently adopted Directive on Adequate Minimum Wages fights in-work poverty at European level by raising the wages of those who struggle the most and evens out the biggest disparities across Member States. But for those who are not able to work or struggle to be included in the labour market, a Directive on Adequate Minimum Income guarantees a safety net to prevent them from falling into poverty. There must be a positive hierarchy vis-à-vis adequate minimum income.
- ✓ Support the economy, as minimum income is an effective economic stimulus package that is used to reverse immediate needs and re-enters the economy.

- ✓ To ensure a life in dignity and guarantee essential human and social rights, enabling those who can work to (re)integrate into sustainable and quality employment, and contribute to society by non-economic means like education and training.

Our ultimate goal is to have MIS in all the MS that ensure all people to live in dignity and thus erases the risk of poverty and social exclusion, specifically for people in need. We strive for financial, social and psychological security for all, focussing mainly on those individuals who are currently deprived from a decent living income



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