

Policy Department
Economic and Scientific Policy

THE ROLE OF MINIMUM INCOME FOR SOCIAL INCLUSION IN THE EUROPEAN UNION

(IP/A/EMPL/FWC/2006-05/SC2)

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Executive Summary

Poverty and social exclusion have become crucial social and political issues in Europe. The incidence of poverty and the characteristics of people experiencing poverty vary greatly across European countries according, on the one hand, to different challenges posed by economic restructuring, social and economic development, economic structure, social, gender and generational inequalities that characterise each country. On the other hand, social policies have a great impact on the incidence, intensity and distribution of poverty as they can modify the functioning of the labour market, the distribution of resources, the ability to access income and relevant services. This study focuses on schemes that guarantee sufficient resources to citizens, independently from social contribution, as means of contrast of poverty and social exclusion. Despite the fact that different names are given to similar measures, we shall generally refer to “minimum income schemes or measures”. Through an analysis of each scheme, and of its role in the system of economic supports of each country, the aim of the study is to identify the key issues at stake for European policies in the field of the fight to poverty, considering that European Union has continuously stressed the role of minimum income as a key means to prevent poverty.

Minimum income in Europe is in general a non contributory non categorical form of assistance explicitly designed to combat poverty guaranteeing an adequate standard of living and social re-integration for those whose income is insufficient. It is generally complementary to other subsistence allowances, contributory or not, and it contributes to create the so called “safety net”. The main characteristics of the measure are: a) it is a fair and equitable means tested measure addressed to people not already protected by specifically targeted policies helping them to recover from poverty and to activate themselves towards social inclusion and the access in the labour market; b) a measure that fosters the integration of social policies with active labour policies, education and training policies, housing and health policies, etc

With the exception of Greece and Hungary, and locally of Italy, all European countries have some kind of minimum income scheme providing income support, but they vary widely in their structure and coverage. First attempts to cluster minimum income schemes articulate them in a continuum between two main groups with a third apart:

1. One characterized by assuming the **minimum income as one generalised, all encompassing benefit**: minimum income is the only (or the most important) income support existing and it is open to all those who are without sufficient resources. It is not limited to specific targets of the population. This is in particular the case of Luxemburg, Austria, Poland, Malta, the Slovak Republic and Romania.
2. At the opposite end of the continuum there are the countries where **minimum income is designed as a last resort subsidy** for all those who have already exhausted all other possible claims for targeted measures. In this case countries **provide both categorical assistance schemes and a general minimum income**. France, Finland, Germany, Ireland and the United Kingdom belong in particular to this group.
3. A smaller group of countries is characterised by the presence of **categorical schemes and the absence of general last resort measures** (Italy, Hungary and Greece) or the **absence of a national minimum income scheme** (Spain).

Other countries are positioned between the three groups with Belgium, Netherlands, Sweden and the Czech Republic nearer to the group with an all encompassing measure; and Bulgaria, Cyprus, Denmark, Estonia, Latvia, Lithuania, Slovenia and Portugal nearer to the group with the minimum income as a last resort measure.

Potential strengths of minimum income in Europe

- a) Minimum income is an important measure to fight against economic poverty and where it is implemented through an integrated and strategic approach involving different policies (health care, education, housing, social services and measures facilitating integration into the labour market for those capable of working) it is able to have a positive impact towards social inclusion.
- b) Its aim is to accompany, not only assist, the beneficiaries, guaranteeing the participation of at-risk-of-exclusion people in active life by recognising them as full citizens.
- c) It promotes the production of social capital and facilitates the exploitation of public and private resources (such as knowledge, personnel, funding): to create a network between separate institutions, making them work together to improve the situation of the poorest and enhancing local social capital by involving all the community stakeholders: trade unions, private firms, etc...
- d) Through activation programs it enhances the flexibility and skills of the labour force.
- e) It may represent a support in harm reduction.

A nation (or region)-wide measure as minimum income may have other additional positive effects related more on the condition of its implementation than on its outcomes: the introduction of transparent and homogenous rules for means testing and equivalence scales can enable the overcoming of favouritism and of a discretionary approach and favours the assessment of results, outcomes and effectiveness of a policy against poverty.

Potential weaknesses and risks of the minimum income experiences: a first sketch

Weaknesses and risks of minimum income may be linked more to the way in which it has been implemented than on the characteristics of the measure in itself. In any case some specific traits can be outlined:

- a) Insufficient coverage: One of the six challenges outlined in the Joint Reports for social inclusion is to ensure that social protection systems have sufficient coverage and levels of payment to guarantee an adequate minimum income for all to live in dignity. But this is one of the main problems in several European countries: either there isn't sufficient coverage to guarantee decorous levels of payment or there isn't sufficient coverage to guarantee minimum income to all who are in need and are eligible for it or both.
- b) The poverty trap: Policies providing income for those out of work are thought to create inactivity or 'unemployment traps'. The governments of many countries are seeking, or have already introduced, measures which might avoid disincentives to work.
- c) The determination of better targeting the measure: Should minimum income be the last resort subsidy for the most marginalised who have no other chance to gain money to live on, or should it be a measure for unemployed who still have residual personal and professional resources which only need to be supported, improved and upskilled? This is a continuum in which every country tries to look for the better choice and mix. Minimum income in any case should be part of a wider policy against poverty and social exclusion with specifications for each specific target group.
- d) Difficulties of implementation: as it associates economic support with a strong activation policy this second part of the measure may present problems in terms for example of offer of programs and plans for activation and/or labour reintegration in particular in the most deprived areas of every single country. An important reason explaining these difficulties is linked to lack of power, funding and competencies of social workers asked to elaborate and implement activation plans.

- e) Difficulties of cooperation between different institutional levels: A measure like minimum income needs the cooperation (not always easy) between the municipalities (which are administering the active social policy), the regions or the state and the labour market, such as private business firms (where to realise job re-integration).
- f) The involvement of many people in futile working projects: A risk of activation plans is that in case of lack of real opportunities of work or other forms of activation many people are introduced to programs of low interest and low effectiveness.
- g) The interaction with social and economic development: activation policies are likely to work in an environment with job opportunities. The risk is otherwise to ask to minimum income schemes to solve severe and widespread structural problems.
- h) It is an expensive measure.
- i) It presents problems of fraud.

From a European point of view

The Amsterdam Treaty (1997) was the first to incorporate specific articles in relation to the fight against social exclusion. As a result, the emphasis on tackling social exclusion widened from a purely national matter towards becoming a cornerstone of the European Social Inclusion Policy. In recent years, economic and social cohesion has become one of the European Union's priority objectives. The Lisbon Summit highlighted the essential linkage between Europe's economic strength and its social model: the key challenge is to move from an agenda tackling social exclusion to one that fosters social inclusion; this is the essential point that mainstreams minimum income as the heart of social policies aimed at fighting poverty and social exclusion. The Social Policy Agenda seeks to ensure the positive and dynamic interaction of economic, employment and social policy, and to forge a political agreement that mobilises all key actors to work jointly towards the new strategic goal: this represents another strong point that can make of minimum income the cornerstone of a social policy fostering inclusion.

Policy models remain highly differentiated also due to the fact that they are embedded in complex and diverse more general social protection systems. The principle of subsidiarity is at the basis of European Social Policy, and the European Union can intervene namely by promoting policy coordination and cooperative exchanges, to complement Member States' action. Policies to combat poverty and social exclusion, however, are mainly the responsibility of the Member States: European Union may define broad common objectives but every member state chooses the means by which achieve them. The new treaty doesn't introduce consistent modifications: the Treaty of Lisbon in fact confirms that the policies described in Article 140 (and between them there is social security) fall essentially within the competence of the Member States. Which are the possible actions at a European level to support the introduction in Member States of measures able to support equally citizens' rights in terms of social inclusion?

- a) to promote a better understanding of poverty and paths towards social inclusion on the basis of new agreed indicators: many useful indicators could be integrated, in particular the ones considering the characteristics of poverty, the characteristics of the main measures adopted, the budget available for each measure, the effectiveness of measures of fight against poverty, take up rates, etc.

- b) to promote a consistent and continuous process of evaluation introducing for example an assessment report of the National Action Plans/Inclusion on minimum income measures, to urge countries to use NAP/INC as a more useful instrument in the fight to poverty and social exclusion and to disseminate periodically all over Europe cases of best practices, solution adopted to specific problems encountered at national level
- c) to promote the interdependence of policies within the global objective of promoting social inclusion by actions under the Structural Funds and impact assessment evaluations
- d) to promote new measures able to integrate in the labour market also the most difficult to activate
- e) to seek for a large consensus.

1. Aims and limits of the study

Poverty and social exclusion have become crucial social and political issues in Europe. The incidence of poverty and the characteristics of people experiencing poverty vary greatly across European countries according, on the one hand, to different (in terms of both quality and intensity) challenges posed by economic restructuring, social and economic development, economic structure, social, gender and generational inequalities that characterises each country. On the other hand, social policies (in a broad sense) have a great impact on the incidence, intensity and distribution of poverty as they can modify the functioning of the labour market, the distribution of resources, the ability to access income and relevant services.

This study focuses on schemes that guarantee sufficient resources to citizens, independently from social contribution, and their role as a means of contrast of poverty and social exclusion. Despite the fact that different names are given to similar measure, we shall generally refer to “minimum income schemes”.

The first aim is to provide an overview of how these systems work across European countries, in the context of each specific welfare system.

Our main working hypothesis is that, in order to understand the role played by minimum income schemes it is necessary to place them within the complex system of economic support measures that characterises each country. For instance, the existence of other “categorical” non contributory support schemes, on the one hand, and the extent to which contributory schemes are able to include a wide proportion of the population, on the other, should have an important effect on the role played by minimum income schemes as an instrument for contrasting poverty and social exclusion.

Moreover, the study presents and discusses the main strengths and weaknesses of specific social policy designs in contrasting poverty and social exclusion, in order to provide a set of relevant issues for social policy at the national and European level.

2. Research questions and methods

The study addresses several issues concerning poverty and social exclusion, the characteristics of policies implemented in 27 EU countries in order to fight these phenomena, their effectiveness, strengths and weaknesses.

In order to address these issues, a set of methods has been implemented, each directed to providing specific elements of knowledge and analysis.

2.1 Literature and research review

Firstly, the analysis of the literature is geared toward analysing the situation and trends of Poverty in Europe. The most relevant and recent studies on the matter, such as OECD, European Parliament, EU Commissions, European Foundation for the Improvement of Living and Working Conditions, and several other pieces of research will be considered.

Secondly, a review of the literature provides us with an analysis of the most consolidated models of welfare systems in Europe. The seminal and influential work conducted by Esping-Andersen (1990,1999) identifies three “welfare regimes”: liberal, social democratic and continental. A debate has taken place both on the criteria underlying such a classification and on the possibility of identifying further social models in Europe, with particular reference to Southern Europe (Leibfried 1992; Ferrera 1996). New Member States in Eastern Europe have been under-represented in comparative research studies until recently, but the trajectories of former socialist states are now of specific interest. These debates have been briefly summarised in order to contextualise minimum income schemes within more general welfare models and to better situate the discussion of both institutional arrangements and case studies.

2.2 Quantitative analysis

The study partly relies on the secondary analysis of quantitative aggregated available data. Using data from Eurostat databases we describe the social context of each country in terms of poverty and unemployment and we elaborate synthetic indexes from the point of view of the social context and of the outcomes of the transfer systems implemented.

2.3 Qualitative analysis

A further step in the research consists of data collection on the policy arrangements of income support measures in the 27 European Countries. For each country we have elaborated a grid in which we collect information about policies aimed at fighting poverty and social exclusion in particular concerning minimum income **groups**, next to more specific measures addressed to particular targets: old age, invalidity, unemployment.

2.4 Case studies

A deeper analysis of different European models has been performed on the basis of a selected number of case studies, for which additional information have been collected. Data collection has been based on more detailed institutional data and on specific research results concerning each selected country.

2.5 Transversal analysis

Based on the previous empirical and analytical steps, the report provides a transversal analysis. The last stage of the research highlights the crucial elements in the definition of both country level and European level strategies in order to understand and fight poverty and promote social inclusion considering the strengths and weaknesses of the models and experiences analysed.

3. The socio-economic context: characteristics of poverty in Europe

This part of the study represents the contextual frame of the work in terms of the social context and of the social protection expenditure in every country of the European Union.

After the project's approval we have been requested to produce an analysis of poverty in Europe focusing on specific targets of the population: as a great quantity of materials produced for the European Commission are already available, we feel that our role in this part of the study, in relation to its specific core, minimum income Schemes, is to organize and select existing materials and, where necessary, update them. In particular the very recent (March 2007) Commission Staff Working Document: "*Supporting Document of the Joint Report on Social Protection and Social Inclusion 2007*" contains all the elements necessary for our contextual analysis. For this reason it has been widely quoted allowing for a more in depth analysis of the following chapters concerning minimum income schemes.

The present chapter describes the context in which measures of fighting poverty and social exclusion have been implemented through:

- An analysis of the social context considering the current situation in the EU and its Member States concerning poverty and social exclusion
- An analysis of the social protection expenditure and the outcomes of the transfer systems implemented.

3.1 The social context

The aim of the study is to concentrate on minimum income as a means to fight against social exclusion. Social exclusion is multidimensional and it affects several areas - poverty, unemployment, disability, immigration - and the most marginalised and excluded groups such as ex-prisoners, drug addicts, homeless, street children or people discharged from institutions, asylum seekers, etc. Here we will focus mainly on economic poverty.

The description of the social context has been articulated as follows.

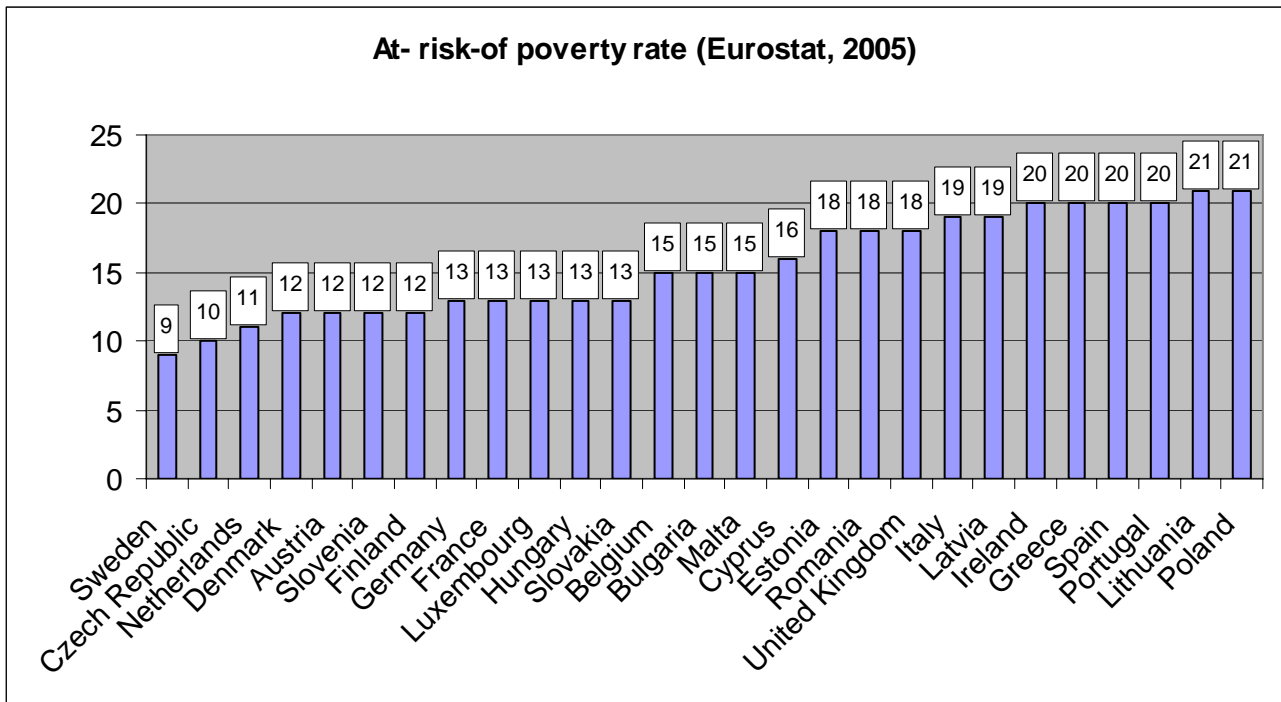
- A description of the current situation and trends of poverty also concerning specific targets of population: children, youth, families, lonely parents, elderly people
- A very brief description of the unemployment situation all over Europe
- A presentation of the situation of the working poor (an individual who has worked for at least part of the year, but has been unable to earn sufficient income to guarantee a standard of living above the poverty line for the household)
- An outline of the incidence, intensity and thresholds of poverty in Europe.

a) The situation of poverty in Europe concerning specific targets of the population

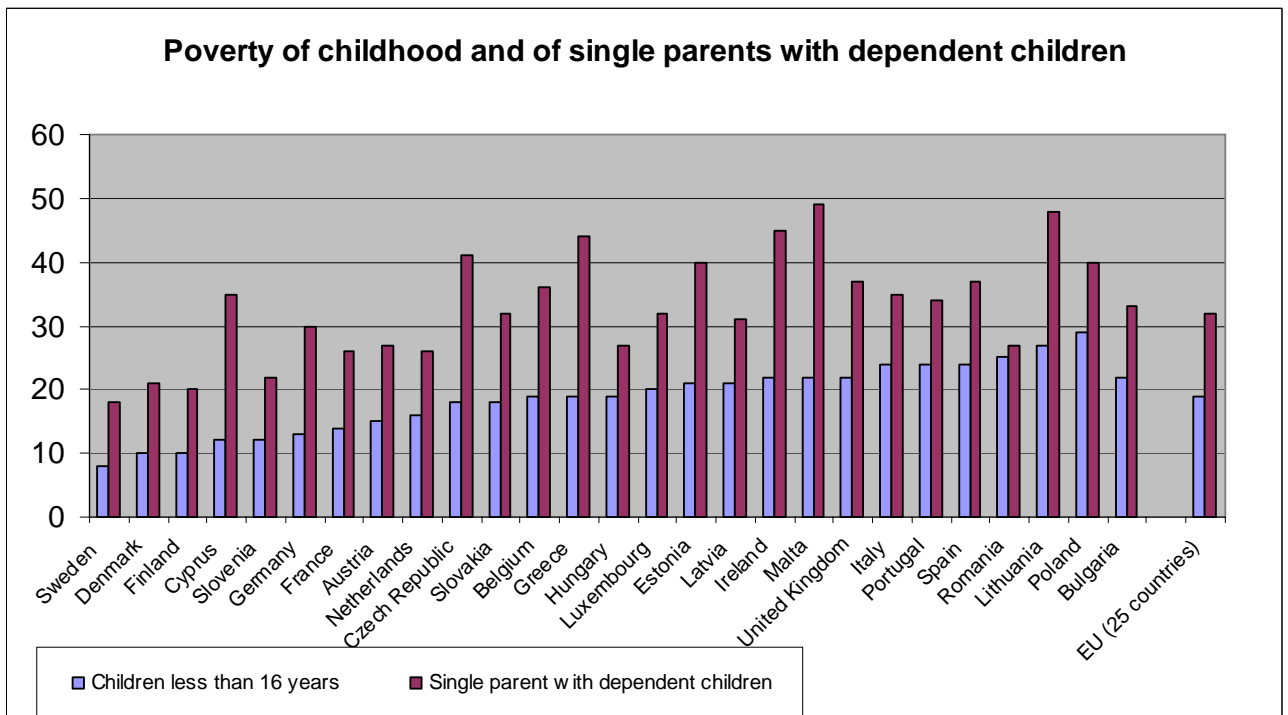
Poverty is a relative concept referring to the capacity of an individual to participate fully in the community where she or he lives: for this reason the income measures of poverty are related to the overall income distribution at the national level and are expressed as a percentage of the median income in any given country. This indirect indicator measures the risk of poverty through an equivalised total net income below 60% of the national median income¹.

- In 2005, the average at-risk-of-poverty rate in the EU was 16% while national figures ranged from 9% in Sweden and 10% in the Czech Republic to 21% in Lithuania and Poland and 20% in Ireland, Greece, Spain and Portugal.

¹ It is essential to consider that the analyses presented are based on Eurostat data but they are not always completely satisfactory. For some countries data are estimated, for others they are provisional and in other cases they may come from non harmonised national sources.



- In most of the countries, **the at-risk-of-poverty rate** (for the population aged 16 or more) **was higher for women**, with a gap in 2004 of 4 percentage points in Bulgaria and Italy, while at the EU level the gender gap was of 2 percentage points. Only in Hungary and Poland were the at-risk-of-poverty rates marginally greater for men.
- **Young people have the highest at-risk-of-poverty rate**, reaching in 2005 19% for children aged 0-16 and for the 16-24 age group. The at-risk-of-poverty rate then decreases with age as individuals progress in the labour market, before it rises again after people retire and can no longer rely on income from work.
- **The risk of poverty for children** is particularly high in Poland (29%), Lithuania (27%) and Romania (25%). In Portugal, Italy and Spain it reaches 24%. **One-person-households and those with dependent children tend to have the highest poverty risk, with the highest poverty rate affecting single parents with one dependent child (33% in the EU as a whole)**. In the following graph it is possible to see how child poverty increases in single parent families with dependent children:



(Source of data: Eurostat)

- The risk of poverty for **people aged 65 and more is significantly higher in comparison to the population as a whole in a number of Member States**, and it is particularly high in Ireland (33%) and Cyprus (51%). It is very high in Spain (29%) and Greece (28%) too. **Older women are at greater risk of poverty than older men.** The oldest cohorts (aged 75 and over) tend to be more at risk of poverty than those over 65 and women represent a majority of these older people. The higher poverty risk amongst the oldest people is linked to several factors. Low incomes or interrupted careers, which particularly affect women, coupled with the indexation rules in some countries, generally result in a progressive worsening of retirement incomes as older cohorts grow older.

By comparing the poverty risk in the EU for the youngest and the oldest segments of the population, which have both a higher poverty risk than the working age population, the literature and data show that:

- one-person-households and those with dependent children tend to have the highest poverty risk, with the **highest poverty rate affecting single parents with one dependent child**
- in almost all Member States **the poverty risk for children is higher** than that for the working age population
- half of Member States have a high **child poverty risk**
- half of Member States have high **elderly poverty risk, affecting in particular women over 75**
- the poverty **risk for elderly people varies to a greater extent** (but in most Member States it is still significantly above average).

At-risk-of-poverty rate (after social transfers), by age group – Eurostat 2005

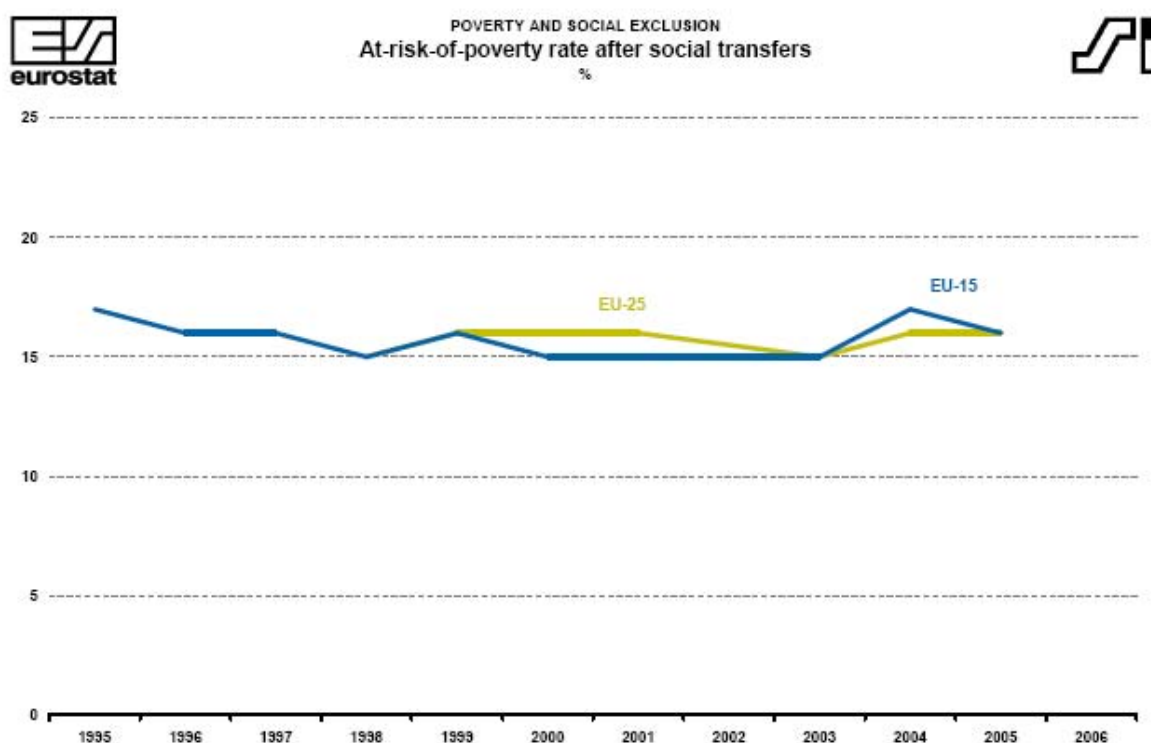
Less than 16 years	
Sweden	8
Denmark	10
Finland	10
Cyprus	12
Slovenia	12
Germany	13
France	14
Austria	15
Netherlands	16
Czech Republic	18
Slovakia	18
Belgium	19
Greece	19
Hungary	19
Luxembourg	20
Estonia	21
Latvia	21
Ireland	22
Malta	22
United Kingdom	22
Bulgaria (2004)	22
Spain	24
Italy	24
Portugal	24
Romania	25
Lithuania	27
Poland	29

65 years and over	
Czech Republic	5
Netherlands	5
Hungary	6
Luxembourg	7
Poland	7
Slovakia	7
Sweden	11
Austria	14
Germany	15
France	16
Malta	16
Bulgaria (2004)	16
Lithuania	17
Romania	17
Denmark	18
Finland	18
Estonia	20
Slovenia	20
Belgium	21
Latvia	21
Italy	23
United Kingdom	26
Greece	28
Portugal	28
Spain	29
Ireland	33
Cyprus	51

It is quite difficult to elaborate a reliable analysis of the European **trends of poverty** for a consistent reason: during transition to data collection under EU-SILC regulations for all EU25 member states, data are obtained from a mixture of sources. As a result, country coverage and the available time series are incomplete and in many cases the change in the sources during the transition period has determined a difference in the values obtained. “Whilst every effort has been made to ensure consistency, due to differences in the underlying sources the results cannot be considered to be fully comparable either with one another, nor with previously published data” (Source: Eurostat).

Considering with extreme caution data available from Eurostat we observe that **the trend from 1995 to 2006 has remained almost unvaried** (oscillating between 15 to 16%) but with some exceptions:

- Poverty has constantly **risen more than 2 percentage points** in the last years in: Latvia, Lithuania, Poland and Finland.
- Poverty has constantly **declined more than 2 percentage points** in the last years only in Portugal.



Source: Eurostat.

A study of the European Observatory on the Social Situation² (2007) highlighted that:

- Finland, Sweden and the UK are the only countries of the EU15 where **the distribution of income seems to have widened** significantly between the mid-1990s and 2001.
- In 6 of the EU15 countries the relative income of the most prosperous 20% increased, most notably in Finland and Sweden.

² *Social Inclusion and Income Distribution in the European Union* - Monitoring Report prepared by the European Observatory on the Social Situation - Social Inclusion and Income Distribution Network - 2007

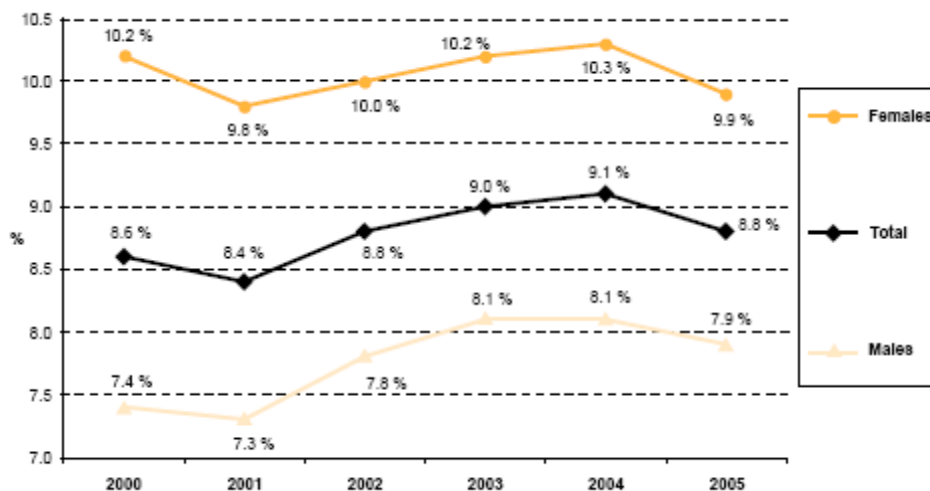
- In most countries, the shares of income of the bottom, middle and top quintiles remained broadly unchanged over this period.
- **Trends in child poverty** over this latter half of the 1990s, in particular, vary considerably among countries. Whereas in Germany, Belgium and Austria, the proportion of children with income at the poverty line declined, in the Netherlands, Luxembourg, France and Spain, it increased. Countries with the highest risk of child poverty in the mid-1990s – the UK, Portugal, Italy and Spain – remained so.
- **Finland, Austria, Ireland and Spain** – in the last two, the risk is well above average - are the only countries where **the risk of poverty among the elderly increased over the period 1995-2001**, while **Portugal, the UK, France and Luxembourg** are the only countries where it fell.

b) The unemployment situation all over Europe

Quoting the Commission Staff Working Document: “*Supporting Document of the Joint Report on Social Protection and Social Inclusion 2007*” we see that **jobless households are the poorest households in all OECD countries: the risk of low income for people living in jobless households is on average five times higher than for households where some of its members have jobs**. Even in a situation of growth³ unemployment remains a concern for most EU Member States, with 8.8% of the EU25 labour force unemployed in 2005 (compared with 8.6% in 2001), and long-term unemployment rising from 3.6% to 3.9%.

Trend in the unemployment rate by sex, 2000-2005, Eurostat

(Source “*Living conditions in Europe 2002 – 2005*”)



- The 2005 unemployment rates ranged from 17.7 % in Poland to 4.5 % in Luxembourg and 4.3 % in Ireland. The rates were also relatively low in the Netherlands, the United Kingdom, Denmark, Austria and Cyprus (less than 6 %). Two countries (Slovakia and Poland) have rates above 15%. (Eurostat, 2007).

³ In 2005, employment growth in the EU25 continued to recover gradually from the low in 2003.

- **Youth unemployment⁴ remains very high** (18.5% in 2005) and it increased by 1.2 percentage points from 2000, from 17.4 % to 18.6 %, after having reached a high in 2004 of 18.9 %). In most countries, youth unemployment is at least twice as high as the overall rate, and up to 3 times as high in Italy and Luxemburg. While some Member States have managed to reduce youth unemployment significantly between 2000 and 2005 (the Baltic States, Slovakia and Bulgaria from higher levels), in eighteen countries youth unemployment rose in this period, most in Portugal, Hungary and Luxembourg (7.2, 6.9 and 6.6 percentage points respectively) and Romania (6.6 percentage point since 2000). In 2005, youth unemployment was highest in Poland, 36.9 % with Slovakia and Greece coming second and third (30.1 % and 26.0 %). In the Netherlands, Ireland and Denmark youth unemployment rates were less than 10 %.
- Joblessness is more problematic when it concerns not only one individual, but all the members of the household. Furthermore, **the potentially adverse impact of living in a jobless household goes beyond the lack of work income, as it extends to the lack of contact with the labour market and active life⁵**. In the EU25, the percentage of people aged 18-59 living in households where no one works was 9.8% in 2006. This proportion ranged from below 6% in Cyprus and Portugal, to 13.5% in Poland and 14.3% in Belgium.
- Between 2001 and 2005, **the proportion of prime-age adults living in jobless households remained essentially unchanged in the EU. Only in the Baltic States and Bulgaria has there has been a marked decrease equal to more than 3 percentage points.**
- In 2006, the proportion of **children living in jobless households** was slightly lower than that of prime-age adults (9.5%), but variations across Member States are more marked, ranging from 2.7% in Luxembourg to 16.2% in the UK. In the past five years, the proportion of children living in jobless households has not changed in the EU, but has decreased by over 3 percentage points in the Baltic States and Bulgaria and increased by the same amount in Austria and Romania.

c) The situation of the working poor

Low pay continues to be a feature of employment throughout Europe, with around one in seven employees in the EU estimated to have a low wage - though definitions vary considerably. Furthermore, there has been increasing attention in recent years to the phenomenon of the 'working poor'.

The available statistics on the number of low-wage workers⁶ across the EU and Norway (both in absolute numbers and as a percentage of employees) show that low pay in is relatively common, although its extent varies among countries, and depends on the definition used.

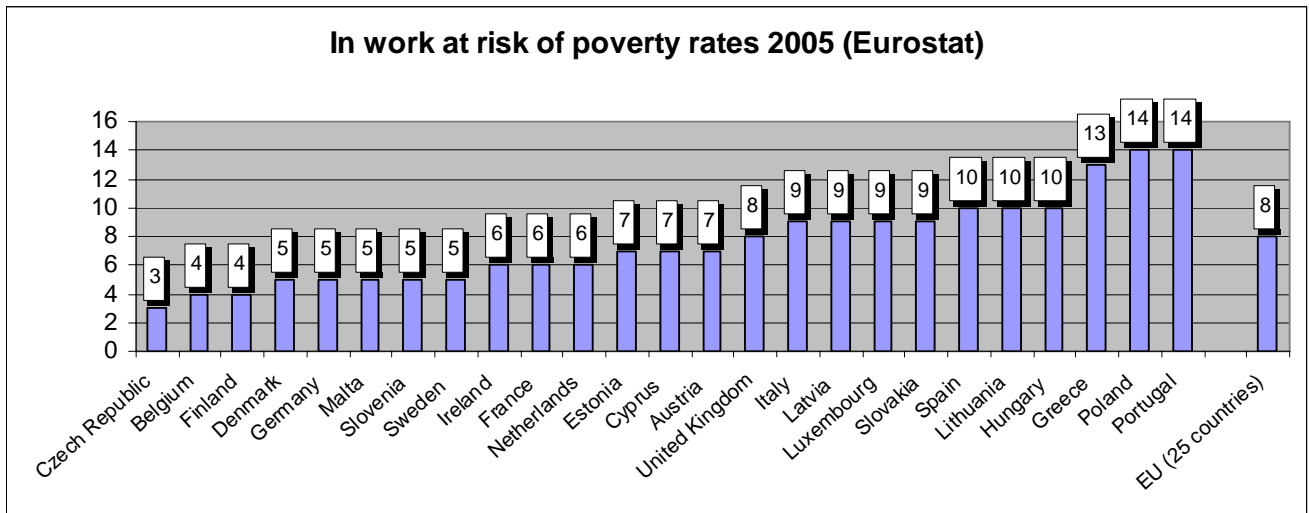
“The at-risk-of-poverty rate is still relatively high even for those in work. In the EU25 it stands at 8%, ranging from 3% in the Czech Republic and 4% in Belgium and Finland to 13% in Greece and 14% in Poland and Portugal. Furthermore, the proportion of those working within the income-poor population aged 16 or more is a significant 28%.

⁴ Youth unemployment rates represent unemployed people aged 15-24 as a percentage of the active population (or labour force) of the same age (source Eurostat).

⁵ Unemployment and youth unemployment; 2000 and 2005 (“)

⁶ Eurostat: workers earning less than 60% of national median remuneration

In work poverty is linked to low pay, low skills, precarious and often part time employment but also to the characteristics of the household in which the individual lives, in terms of the number of dependants and the work intensity of the household⁷.”



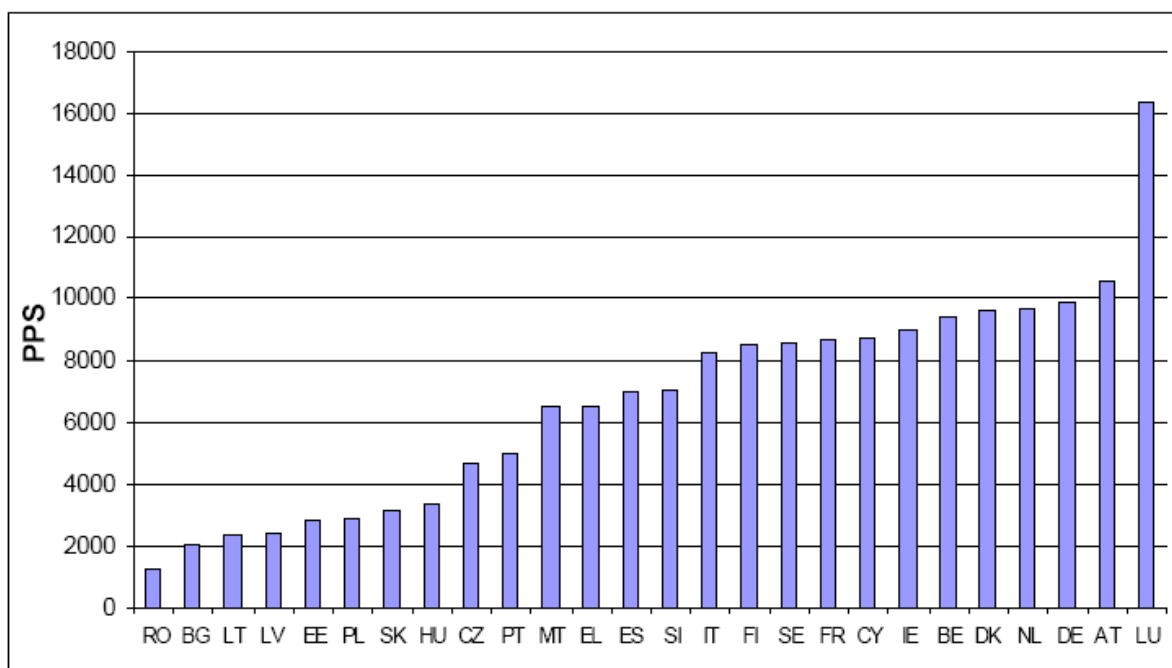
d) Incidence, intensity and thresholds of poverty in Europe

As considered in the Commission Staff Working Document “*Supporting Document of the Joint Report on Social Protection and Social Inclusion 2007*” and quoted in the following paragraphs at-risk-of-poverty thresholds are country-specific and the economic well-being of individuals at risk of poverty in Member States can therefore be quite different in absolute terms, so that, for example, individuals with similar real incomes may be classified as being at risk of poverty in one Member State but not in another.

The following graph presents the illustrative values of the **at-risk-of-poverty thresholds** for a single adult household, expressed in purchasing power standards. **Member States with the lowest at-risk-of-poverty threshold include all new Eastern European Member States and Portugal. At the other end of the distribution, the highest at-risk-of-poverty thresholds are those of Luxembourg and Austria, where they are respectively more than seven and four times higher than in Latvia, Lithuania and Bulgaria and more than twelve and eight times higher than in Romania.** In euros, this means that the at-risk-of-poverty threshold for a single person household and for a household with two adults and two dependent children ranges from 558 EUR and 1,172 EUR respectively a year in Romania to 17,087 EUR and 35,883 EUR respectively in Luxembourg. This means that in Romania single people at risk of poverty live on less than 2 EUR a day, while in Bulgaria, Latvia and Lithuania they live on less than 4 EUR a day.

Illustrative value of the at-risk-of-poverty threshold for a single adult household, in PPS, 2004 – Eurostat Source: Commission Staff Working Document: “*Supporting Document of the Joint Report on Social Protection and Social Inclusion 2007*”.

⁷ Commission Staff Working Document: “*Supporting Document of the Joint Report on Social Protection and Social Inclusion 2007*”



Information on the **intensity of poverty** can be obtained from the *relative median at-risk-of poverty gap* indicator, which measures how far below the threshold the income of people at risk of poverty is.

- **Member States with low headcount measures of poverty tend to have the lowest intensity of poverty as well.**
- In addition, **Member States that succeed in achieving low rates of poverty risk (from 9 to 12%) are the ones with the most equal income distribution⁸**; in fact Member States with the highest disparities between those at the top and those at the bottom of the income distribution are Portugal (with a ratio of more than 8 to 1), followed by Lithuania, Latvia and Poland.

In general Mediterranean countries together with the UK and Ireland tend to have higher than average inequality while Nordic countries tend to have relatively low levels.

⁸ **Inequality of income distribution (income quintile share ratio):** The ratio of total income received by the 20% of the population with the highest income (top quintile) to that received by the 20% of the population with the lowest income (lowest quintile).

In synthesis

The type of poverty Europe has to face is the poverty of jobless individuals and families, the poverty of children living in jobless households or single parents household where the wage of only one member is not enough to live a decent life, and the poverty of the elderly but it is quite effectively fought in most of the countries by the pension systems: Pensions and social transfers appear as particularly effective in fighting old age poverty, while on the contrary children poverty appears as the most difficult to eradicate through common social transfers.

Grouping countries for their level of at-risk-of-poverty rate (after social transfers) we observe

Group 1: Very high at-risk-of-poverty rate (20% and more): Ireland, Greece, Spain, Portugal, Lithuania, Poland

Group 2: Medium-high at-risk-of-poverty rate (from EU average 16% to 19%): Cyprus, Estonia, Romania, United Kingdom, Italy, Latvia

Group 3: Medium-low at-risk-of-poverty rate (from 13% to 16%): Germany, France, Luxemburg, Hungary, Slovakia, Belgium, Bulgaria, Malta

Group 4: Very Low at-risk-of-poverty rate (from 9% to 12%): Sweden, Czech Republic, Netherlands, Denmark, Austria, Slovenia, Finland.

3.2 The social protection expenditure and the outcomes of the transfer systems implemented

The redistributive effects of welfare states have been analysed in the literature in terms of the different effectiveness in poverty reduction (Korpi and Palme 1998). Whereas most of the studies look at the total impact of tax/transfer systems on relative poverty, less information is available on the impact of the different parts of the social transfer system on poverty reduction (see for instance: Nelson 2004) or of specific types of welfare benefits, such as the means tested transfers (Sainsbury and Morissens 2002).

In order to illustrate the differences among the 27 European countries, a set of indicators able to point out the outcomes of the transfer systems implemented will be used, considering:

- the social protection expenditure
- the effectiveness of social transfer system.

3.2.1 The social protection expenditure

The analysis of social protection expenditure is based on Eurostat data, in terms of total amount and percentage of gross domestic product of specific types of measures, considering total expenditure on one side, and housing and social exclusion, old age and survivor, sickness and health care, family and children, unemployment, disability on the other. **Excluding administrative costs average spending on social protection in the Union in 2004 represented 26.2% of GDP.**

In general, the relative levels of social protection expenditures are highest in the richest countries as measured by GDP per capita. Social protection expenditures range from 12% to 20% in the Baltic States, Ireland, Malta, Slovakia, Czech Republic, Poland and Hungary to around or even above 30% in Denmark, Sweden, Germany and France.

We have grouped the 27 countries according to their level of total expenditure articulated in quartiles:

Social protection, Total expenditure: Percentage of gross domestic product (GDP) and per head of population - PPS⁹ – Source Eurostat Espress 2004

Total expenditure		Total expenditure	
	in % of GDP		per head of population - PPS
Sweden	32,9	Luxembourg	12.179,6
France	31,2	Sweden	8.756,3
Denmark	30,7	Denmark	8.469,8
Germany	29,5	Austria	8.062,1
Belgium	29,3	Netherlands	8.055,5
Austria	29,1	Belgium	7.889,8
Netherlands	28,5	France	7.771,9
Finland	26,7	Germany	7.238,8
United Kingdom	26,3	United Kingdom	6.993,8
Italy	26,1	Finland	6.897,4
Greece	26	Italy	6.257,4
Portugal	24,9	Ireland	5.232,2
Slovenia	24,3	Greece	4.829,8
Iceland	23	Spain	4.437,5
Luxembourg	22,6	Slovenia	4.379,3
Hungary	20,7	Portugal	4.082,1
Poland	20	Cyprus	3.405,5
Spain	20	Czech Republic	3.130,7
Czech Republic	19,6	Malta	3.001,0
Malta	18,8	Hungary	2.867,9
Cyprus	17,8	Poland	2.213,2
Slovakia	17,2	Slovakia	2.063,5
Ireland	17	Estonia	1.624,8
Romania	14,9	Lithuania	1.447,6
Estonia	13,4	Latvia	1.220,0
Lithuania	13,3	Romania	n.a.
Latvia	12,6	Bulgaria	n.a.
Bulgaria	n.a.		

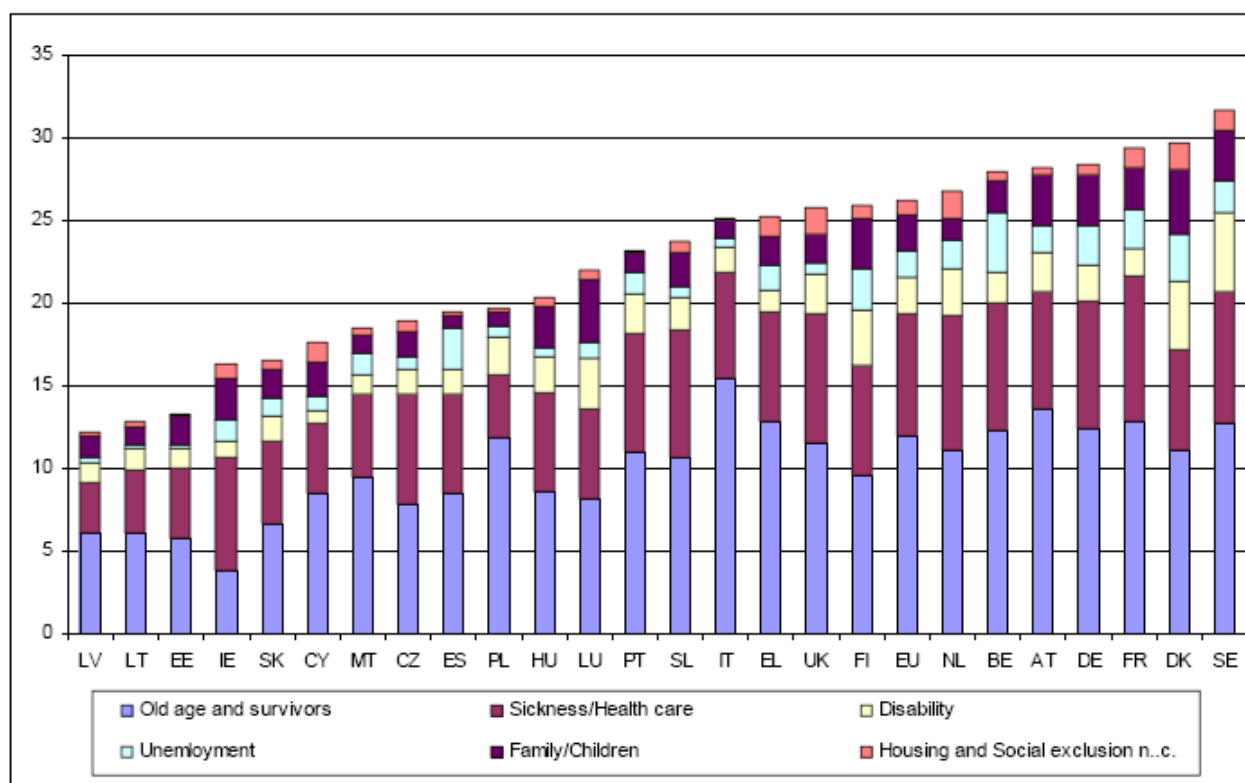
- Most of the countries which **present the lowest level of at-risk-of-poverty rate are also the ones with the highest level of expenditure in social protection** in terms of % of GDP and absolute level per head of population. These are the case for example (considering Total expenditure per head of population) of Sweden, the Netherlands, Denmark, and Austria, but also, even if less evident, of Finland, Germany, France, Luxembourg and Belgium.
- The contrary is also true: **most of the countries with the highest risk of poverty rate (after social transfers) are the ones with the lowest level of expenditure on social protection**: this is the case for example of Lithuania and Poland but also even if less evident of Greece, Spain, Portugal, Latvia and Estonia.

The expenditure of social transfers in every country differs not only in terms of total amount and in % on GDP but also in terms of its composition.

⁹ PPS = Purchasing Power Parities: euro corrected for differences in purchasing power between countries

In all EU countries, pensions and health care represent three quarters of social protection expenditure, reaching on average 46% and 28% respectively of social protection expenditure. The rest is spent on disability, family-related benefits, unemployment, housing and other social exclusion benefits.

Social protection benefits, by function, in % of GDP - 2004 Source “Supporting Document of the Joint Report on Social Protection and Social Inclusion 2007”



Source: Eurostat - ESSPROS

Considering only social exclusion we can clearly see that the countries with the highest expenditure specifically addressed at social exclusion are, as usual, the ones with the lowest at-risk-of-poverty rates: Sweden, the Netherlands, Denmark, Austria, Slovenia, Finland, Germany, France, Luxemburg.

There are significant differences between countries: the one that spends the most (the Netherlands) arrives to 355 EUR per head (in PPS) while on the contrary the one that spends the least (Italy) does not exceed 11.5 EUR per head (in PPS).

Expenditure for social benefits: Social exclusion - per head of population - PPS – Source Eurostat Espress 2004

Social benefits for social exclusion

	per head in PPS
Netherlands	354,9
Denmark	284,0
Luxembourg	264,4
Sweden	181,8
Cyprus	150,2
Finland	134,9
Belgium	120,3
Slovenia	119,9
Germany	116,8
Austria	113,5
Ireland	113,1
Greece	110,4
France	109,3
Czech Republic	88,0
Slovakia	62,1
United Kingdom	52,6
Spain	38,7
Malta	37,9
Portugal	37,3
Lithuania	35,8
Hungary	18,2
Estonia	17,5
Poland	17,0
Latvia	14,6
Italy	11,5
Bulgaria	n.a.
Romania	n.a.

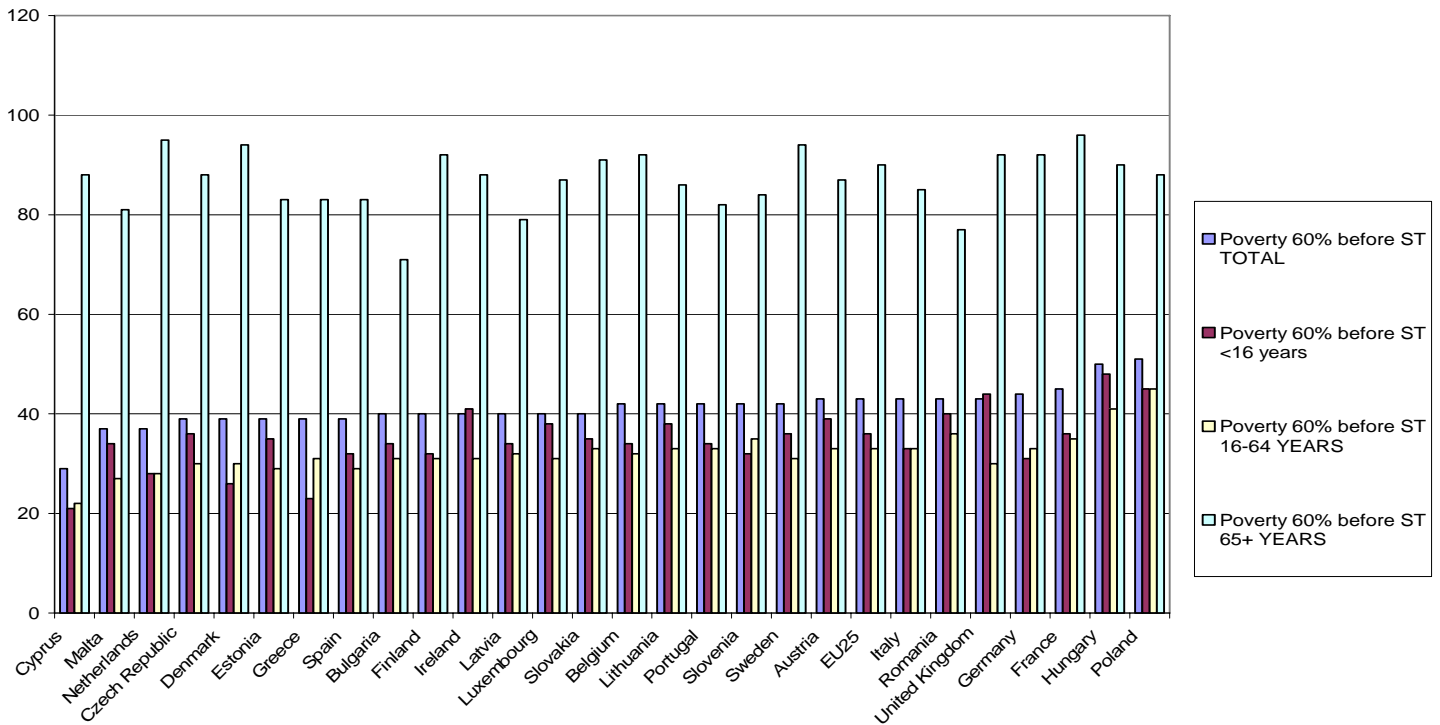
3.2.2 The effectiveness of the social transfer system

Social protection expenditure plays a decisive role in reducing the risk of poverty. The effectiveness of the social transfer system is that it describes how much poverty is reduced by the social protection expenditure in each country. Let us consider,

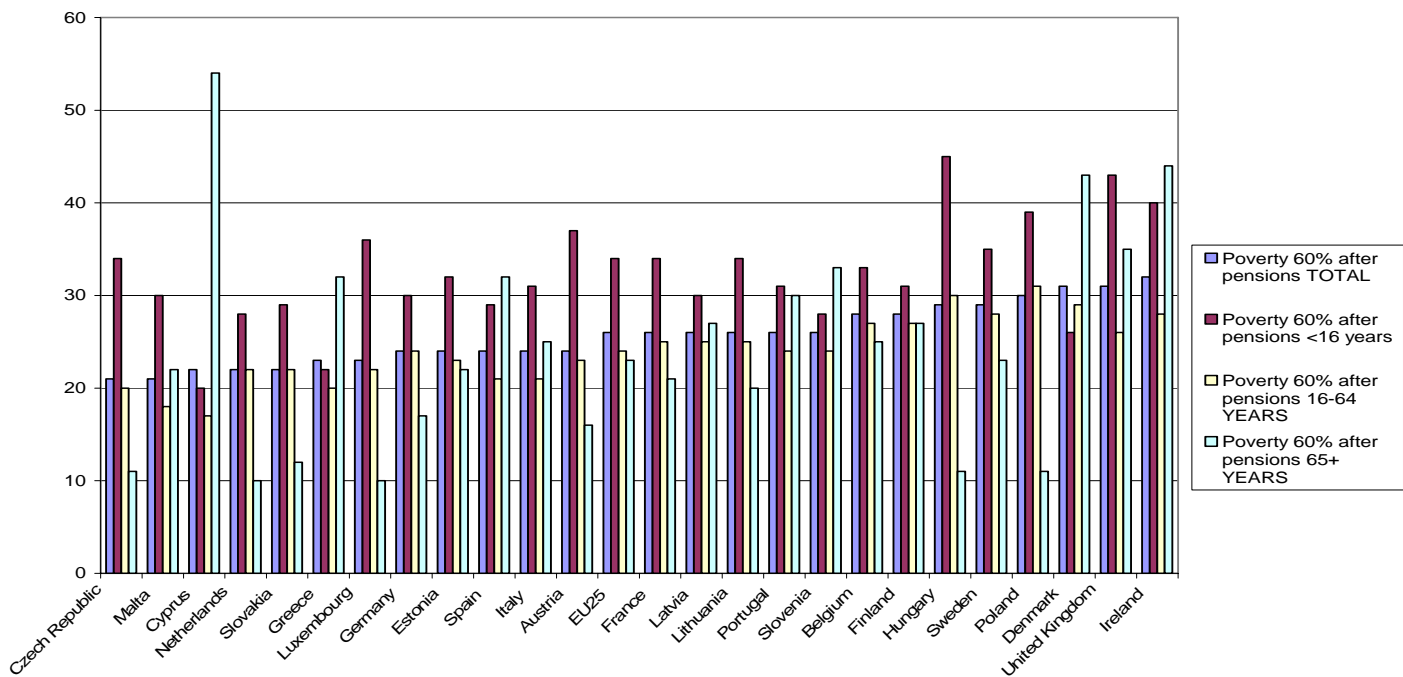
1. **the effectiveness of a pension system** as the ability of pension transfers **to reduce the poverty** rate in a given country (the difference between poverty rates before social transfers and poverty rates after pensions).
2. **the effectiveness of other social transfers** as the ability of other social benefits **to reduce the poverty** rate in a given country (the difference between poverty rates before pensions and poverty rates after all other social transfers except pensions).
3. **the total effectiveness will be the ability of pensions and other social transfers together to reduce poverty rates.**

The following graphs describe total poverty rates by subgroups of population (children, working age, old age) before social transfers, after pensions and after all social transfers ranked by total poverty rate.

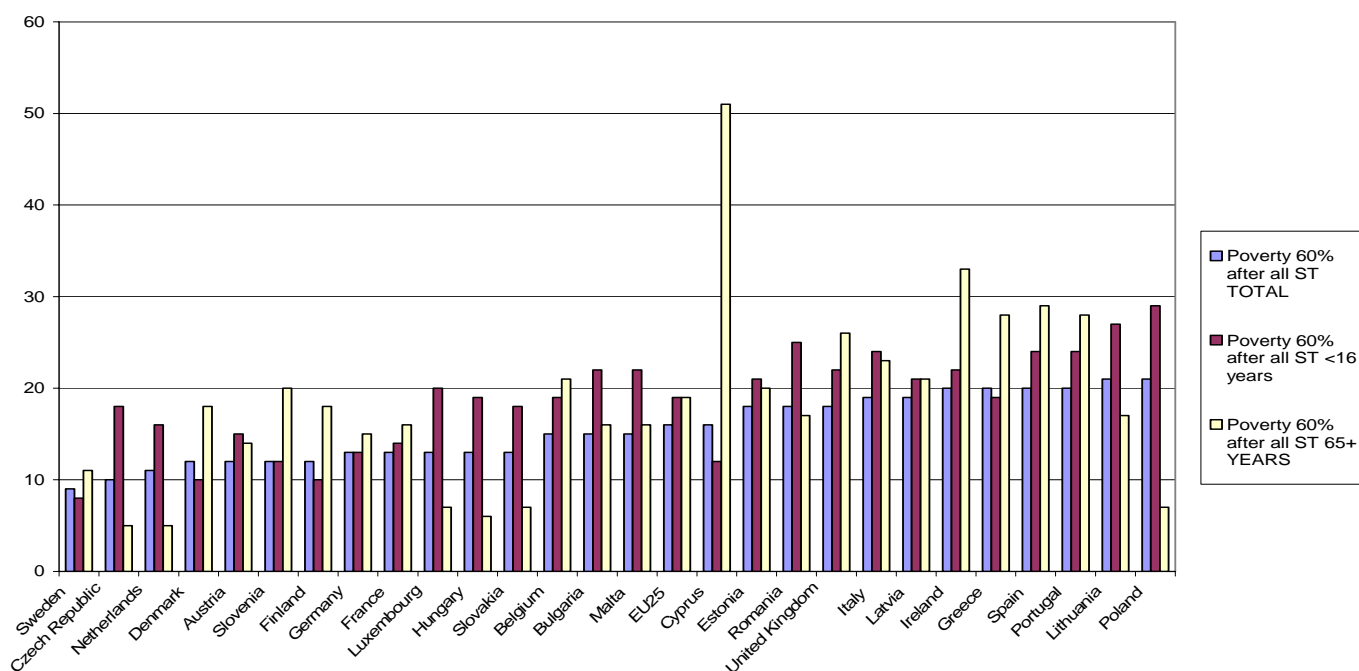
At risk of poverty rate by subgroups of population (before social transfers): Source: Eurostat (year 2005)



At risk of poverty rate by subgroups of population (after pensions) Source: Eurostat (year 2005)



At risk of poverty rate by subgroups of population (after all social transfers) Source: Eurostat (year 2005)



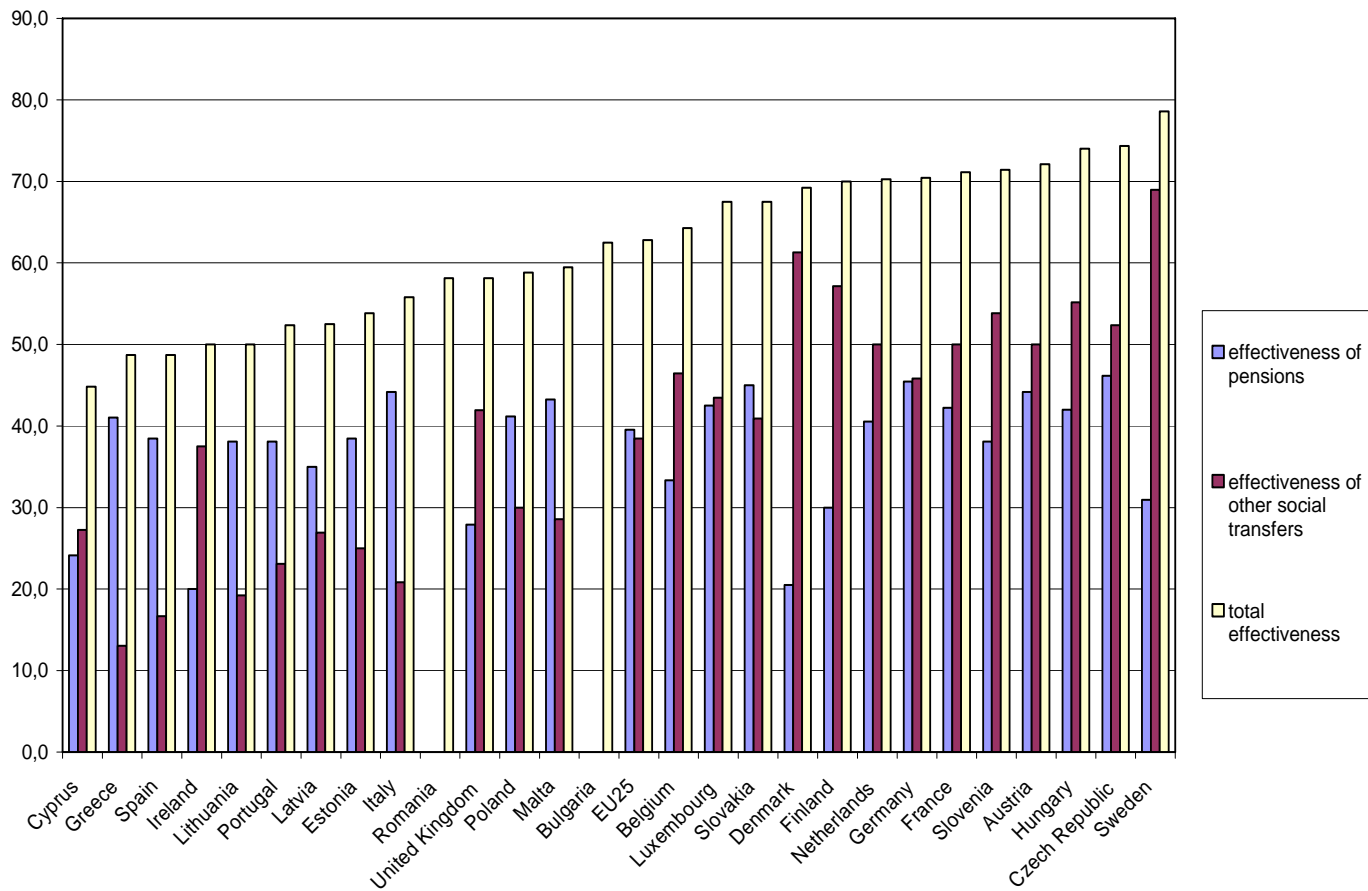
If we consider the impact of pensions and social transfers on the incidence of poverty for the entire population, we can observe that poverty rates:

- ⇒ On average the pension systems reduce poverty by 63% decreasing it from 43% to 26%.
- ⇒ On average, the strength of pension systems is similar to that of other social transfers. The other social transfers reduce poverty by 61% from 26% to 16%. Nevertheless, the situation is highly diversified across Europe.

Pensions and social transfers appear as particularly effective in fighting old age poverty which the first graph describes as the most widespread all over Europe. On the contrary child poverty appears as the most difficult to eradicate through common social transfers.

Some systems are more effective than others: some systems rely more on pensions, while others on other social transfers. The ones relying more on pensions appear as the less effective.

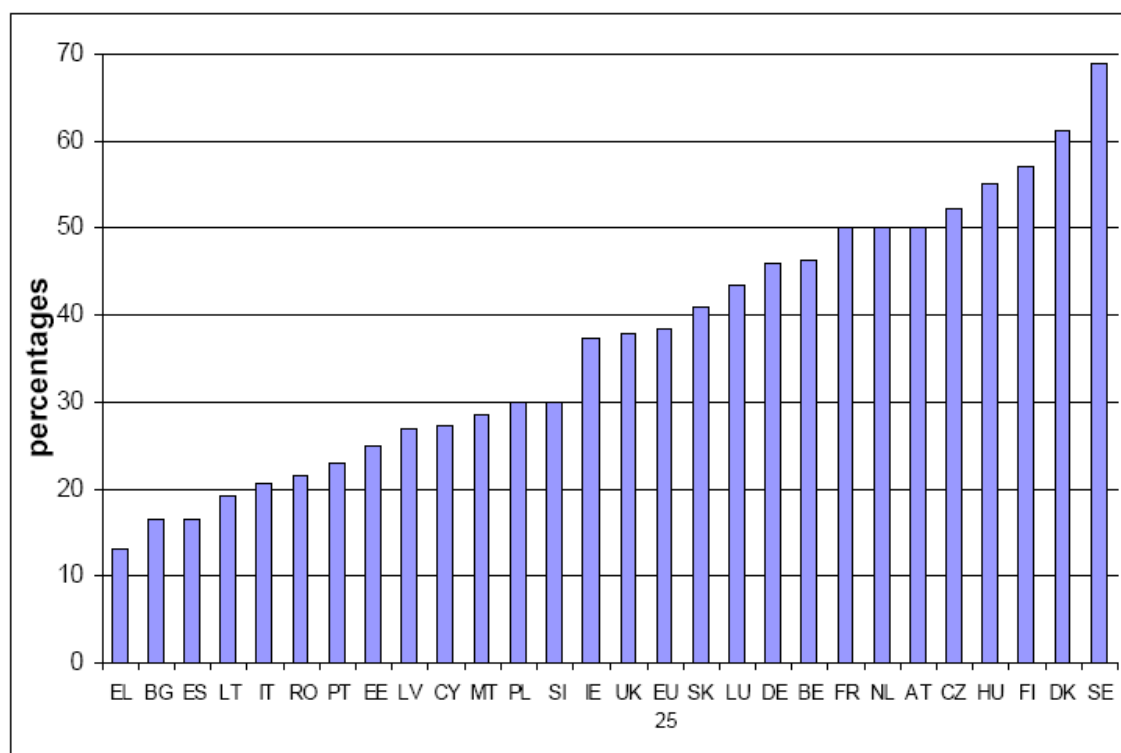
The comparison between the effectiveness of pensions and of other social transfers in reducing poverty. Eurostat, 2004



The comparison between the standard at-risk-of-poverty rate and the hypothetical situation where social transfers are absent, other things being equal, shows that such transfers have an important redistributive effect that help to reduce the number of people who are at risk of poverty differently characterized according to the welfare model of each country. The next figure shows the percentage drop (in absolute terms) of the at-risk-of-poverty rates resulting from social transfers.

The impact of social transfers (excluding pensions) on the at-risk-of-poverty rates (Source “Supporting Document of the Joint Report on Social Protection and Social Inclusion 2007”)

% reduction in the total poverty-risk rate allowed by social transfers



The poverty-reducing effect of social transfers is particularly evident in France, the Netherlands, Austria, the Czech Republic, Hungary, Finland, Denmark and Sweden, where all social transfers reduce poverty by 50% or more. Conversely, in Lithuania, Spain, Bulgaria and Greece social transfers only reduce the risk of poverty by 20% or less.

Countries below the European average post-transfer-poverty rate all have above average poverty reduction effectiveness. While on the contrary countries with above average post-transfer-poverty rates, in particular Mediterranean countries, have less than average effectiveness in their poverty reduction by redistribution measures¹⁰.

This means that countries with effective income redistribution policies and specific national anti-poverty programmes or framework legislation for developing a comprehensive policy for combating exclusion, i.e. Nordic Countries, central European countries and the UK, manage better than others in alleviating poverty¹¹.

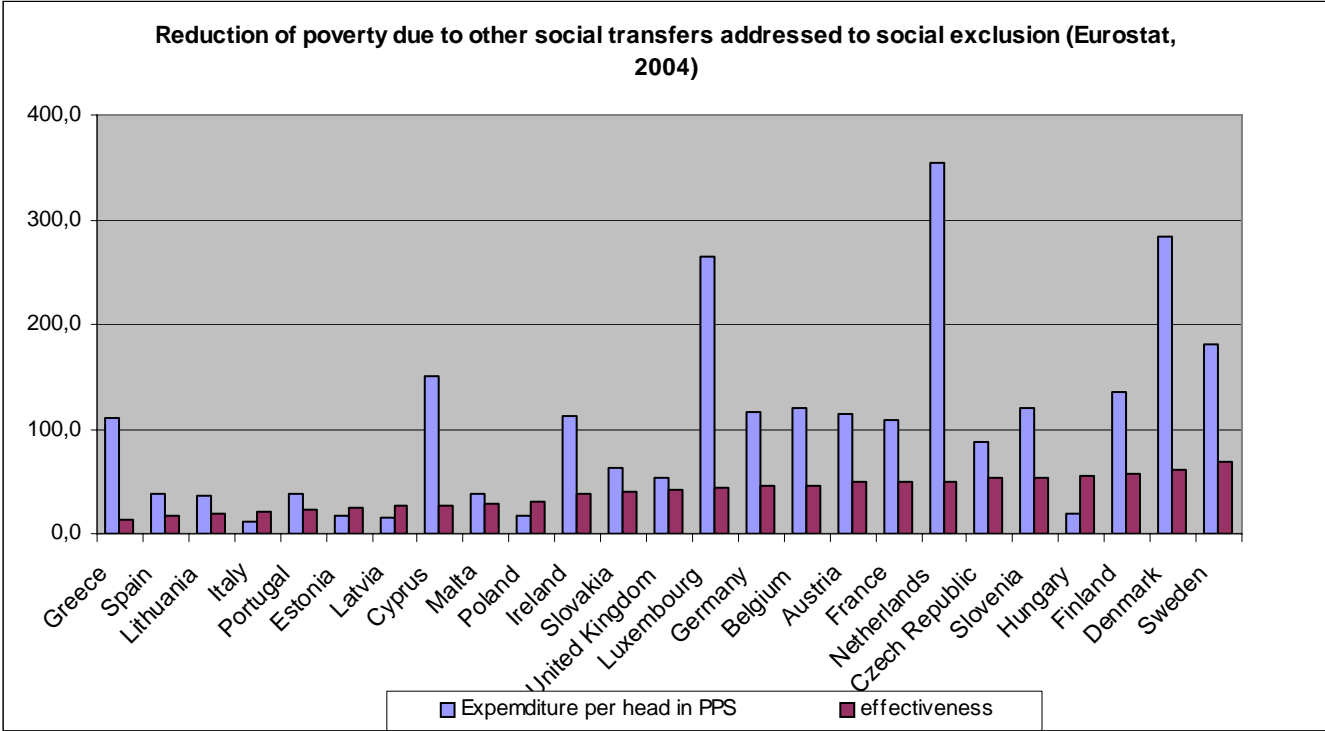
The impact of social cash transfers on the poverty risk rate differs across age groups. The percentage drop in the poverty risk rate for children aged 0-17 years allowed by social transfers (excluding pensions) shows that

- ⇒ Nordic countries are at the top with a drop as high as 60% or more.
- ⇒ at the bottom are Bulgaria, Spain and Greece where poverty relief allowed by social benefits is less than 20%.

¹⁰ Heikkila et alii, 2006

¹¹ Heikkila et alii, 2006

The following table presents the effectiveness of the expenditure for other social transfers concerning only social exclusion, in reducing poverty: countries are ranked by the effectiveness of the expenditure systems:



As it is possible to see, apart from Greece and Cyprus, which present a medium high level of expenditure in transfers for social exclusion with low effectiveness, in most of the countries where expenditure is used for specific programmes aimed at combating poverty and social exclusion rather than on generic measures, its effectiveness is strengthened. This is an important indicator that specific measures, such as minimum income, are much more effective in combating poverty and social exclusion than the ones that are not specific and not framed in a comprehensive policy.

4. Policies to fight against poverty and social exclusion in 27 European countries

This chapter is aimed at providing an overview of the different schemes of minimum income and income support throughout the European Union. The analysis has been carried out taking into account the different specific measures of income support available in each context: what is of specific interest are the ways in which the different schemes of minimum income are designed and function in each context in relation with other measures. The available information is organised in such a way as to highlight the relevant features of each system.

The description of the system of income support for each country encompasses on one side measures addressed to specific targets of population (the elderly, invalid, unemployed) and on the other side minimum income as a general measure intended to support the income of people at risk of poverty not covered by other measures.

Data concerning family support measures have not been included for different reasons. In fact, the inclusion of this information implies important analytical problems. Whereas in general it may be argued that transfers to families with children represent an important instrument in order to fight poverty (particularly of children), it has to be taken into account that, within each specific measure of this kind, it is often difficult to disentangle the role of economic support from the direct or indirect costs of children in terms of costs of basic needs (food, clothing, etc), substitution for the lost income of parents (mothers), support for buying care and educational services. Moreover, next to direct cash benefits, the subsidy of care services and tax reductions are difficult to include in the analysis.

The grid for each of the areas considered (old age, invalidity, unemployment) encompasses the following information:

- Name of the measure, basic principles
- Level of government responsible for the measure (criteria definition): (national, regional, local etc.)
- Financing: institutional level; (national, regional, local etc); type; (general taxation, social contribution etc)
- Entitlement\ beneficiaries: citizenship\residence; previous occupation, mean test; individual\family; additional conditions (i.e. discretionary evaluation etc.)
- Coverage rate (when available) on target population
- Duration of the benefits
- Possibility of accumulation with other social security benefits
- Territorial variability of implementation.

For MINIMUM INCOME additional information has been gathered:

- The design of the measure
- Name; basic principles
- Level of government responsible for the measure (criteria definition): (national, regional, local)
- Financing: institutional level; (national, regional, local); type; (general taxation, social contribution)
- Entitlement\ beneficiaries; citizenship\residence; previous occupation, means test; individual\family; additional conditions (i.e. discretionary evaluation)
- Coverage rate (when available) on target population
- Duration of the benefits
- Possibility of accumulation with other social security benefits
- Territorial variability of implementation
- Willingness to work
- Associated rights
- In two words: the policy model
- The role of minimum income in the context of the country and in relation with the other measures.

In **Annex 1** it is possible to find all the grids filled in.

In order to grasp the differences among the countries we have summarized all the information gathered in more synthesized grids. These grids contain a few questions that we consider crucial to describe the differences in minimum incomes and more in general of income support systems relevant in terms of policies against poverty, to underpin the following steps of the study.

1. For minimum income, we keep strategic information that characterizes the different schemes: the condition of access (residence versus citizenship, means test, age limits) and the duration of this form of public aid (see below).
2. For old age measures (see Annex 2) the articulation is:
 - a. between countries that have some non-contributory measures from those that do not have, in order to see where the State provides some public aid to aged people not receiving a contributory pension (or minimum pension) because of the lack of a sufficient insured period.
 - b. between countries where there is a means test to select beneficiaries, as a clue to the restrictiveness of the measure.
3. For invalidity measures (see Annex 2) the articulation is the same of old age with a new one: “how this measure is related with old-age pensions?”: in fact by becoming old a person with an invalidity provision, according to the country, can find themselves in one of these situations:
 - a. The invalidity measure is replaced by an old age pension.
 - b. The invalidity measure and the old age pension are alternative and the recipient can choose between them.
 - c. These two benefits can be added on to those received by the entitled person. This classification gives a rough idea of the generosity of the State in this field.

4. Also for unemployment schemes (see Annex 2) the articulation is the same of that of old age with a new one: in order to understand the generosity of the system, for unemployment it is more suitable to have information about the duration of the benefits and an idea of their replacement rate.

4.1 Minimum income in the context of the country

Minimum income is generally a form of non categorical assistance. The assistance is given when a person (or a family) is without sufficient means to meet the necessary costs of living.

Therefore minimum income is generally complementary to other subsistence allowances, contributory or not, and it contributes to create the so called “safety net”. As a result, in order to understand the design of the minimum income in each country, it is important to consider its role in the context of the more general system of income support existing in the country:

- Most European countries in fact have specific policies aimed at promoting the social inclusion of specific target populations (i.e. unemployed, disabled, elderly, and so on) and wider policies of income support addressed more generally to the poor.
- Some countries tend to give priority to targeted/categorical measures and do not have a statutory minimum income or have created a “light form” of minimum income scheme.
- Finally there are also countries where targeted policies do not exist and there is only one all encompassing measure for all the situations of poverty.

As it is possible to see in the following tables almost all European countries have some kind of minimum income scheme providing income support, but they vary widely in their structure and coverage. With the exception of Greece and Hungary, locally of Italy, and Spain (where a national measure doesn't exist) all other Member States have a general form of guaranteed minimum income for those without sufficient resources.

POLICY: MINIMUM INCOME

COUNTRY	AUSTRIA	BELGIUM	BULGARIA	CYPRUS	CZECH REP	DENMARK	ESTONIA	FINLAND
Name	<i>Guaranteed minimum income (Sozialhilfe Wenen)</i>	<i>Right to social integration (droit à l'intégration sociale). Including the Integration Income (revenue d'intégration/leefloon)</i>	<i>Monthly social allowance (Месечна социална помощ)</i>	<i>Public Assistance (Δημόσιο Βοήθημα)</i>	<i>Social Assistance Benefit (Dávky sociální péče)</i>	<i>Kontanthjælp (Social assistance)</i>	<i>Subsistence benefit (toimetulekutoetus)</i>	<i>Toimeentulotuki</i>
Level of government responsible for the measure (criteria definition)	Länder	State	State	State	State	State	State	State
Territorial variability of implementation	Yes	No	No	No	No	No	No	Yes
Financing 1: institutional level	Länder	State	State	State	State	State (50%) and Municipalities (50%)	State	State
Financing 2: type	Taxation	Taxation	Taxation	Taxation	Taxation	Taxation	Taxation	Taxation
Beneficiaries 1: citizenship/residence or previous contribution	Residents	Residents	Residents	Residents	Residents	Residents (7 of the last 8 years)	Residents	Residents
Beneficiaries 2: means test (individual/couple/ family)	Yes, household	Yes, household	Yes	Yes	Yes	Yes, household income. Income of dependents up to 18	Yes	Yes
Beneficiaries 3: age	No age requirement	18, with some exceptions	No age requirement	No age requirement	No age requirement	No age requirement	No age requirement	No age requirement
Duration of the benefits	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Temporary. Renewed on a monthly basis	Unlimited
Back to work condition	Yes	Yes	Yes	Yes		Yes	Depends on local municipalities	Yes
Social programs	No general scheme	No	Yes	No	Yes	Yes	Yes	Yes
Amount	I.e. single person €420- 542.30 per month (depends on Länder).	I.e. single person up to €644.48 per month	I.e. single person aged 25, €19 per month	I.e. single person up to €356 per month	I.e. single person €114 per month	I.e. single person aged 25, €1,201 per month	I.e. single person up to € 58 per month	I.e. single person €389.37/372.62 per month

POLICY: MINIMUM INCOME: CONTINUE

COUNTRY	FRANCE	GREECE	GERMANY	HUNGARY	IRELAND	ITALY	LATVIA	LITHUANI A
Name	<i>Revenu Minimum d'Insertion (RMI)</i>	<i>No national measure</i>	<i>Social Assistance (Sozialhilfe)</i>	<i>No national measure</i>	<i>Supplementary Welfare Allowance</i>	<i>No national measure</i>	<i>Guaranteed Minimum income Benefit (Pabalsts garantētā minimālā ienākuma līmeņa nodrošināšanai)</i>	<i>Social Benefit (Socialinė pašalpa)</i>
Level of government responsible for the measure (criteria definition)	State		Länder		State	Regional	State	State
Territorial variability of implementation	No		Yes		No	Yes	No	No
Financing 1: institutional level	State		Länder		State	Regional	State	State
Financing 2: type	Taxation		Taxation		Taxation	Taxation	Taxation	Taxation
Beneficiaries 1: citizenship/residence or previous contribution	Residents		Residents		Residents	Residents	Citizens and foreigners with identity code	Residents
Beneficiaries 2: means test (individual/couple/ family)	Yes, household income. Income of dependents up to 25		Yes		Yes	Yes		Yes
Beneficiaries 3: age	25, with some exceptions		No age requirement		18			
Duration of the benefits	3 months. Renewable, until 1 year		Unlimited		Unlimited	Depends on Region	3 months. Renewable (max 9 months per year)	3 months. Renewable
Back to work condition	Yes		Yes		Yes	Depends on Region	Yes	Yes
Social programs	Yes		Yes		Yes	Depends on Region	Yes	No
Amount	I.e. Single person: € 440.86 per month		I.e. Single person: €345 per month		I.e. Single person: € 805 per month	Depends on Region	I.e. Single person: up to €39 per month	I.e. Single person: up to € 53 per month

POLICY: MINIMUM INCOME: CONTINUE (TO BE COMPLETED)

COUNTRY	LUXEMBURG	MALTA	NETHERLANDS	POLAND - 1	POLAND - 2
Name	<i>Guaranteed minimum income (Revenu Minimum Garanti)</i>	<i>Social Assistance (Għajjnuna Soċjali)</i>	<i>General non contributory minimum income (Algemene Bijstand)</i>	<i>Permanent Allowance (Zasilek stały)</i>	<i>Periodic Allowance (Zasilek okresowy)</i>
Level of government responsible for the measure (criteria definition)	State	State	State. In addition municipalities	State	State
Territorial variability of implementation	No	No	Related to the Municipal additional allowances	No	No
Financing 1: institutional level	State	State	Primarily the Länder, and different re-financing by the local communities to cover the expenses	State	State
Financing 2: type	Taxation	Taxation	Taxation	Taxation	Taxation
Beneficiaries 1: citizenship/residence or previous contribution	Residents	Citizens and Residents	Residents	Residents	Residents
Beneficiaries 2: means test (individual/couple/family)	Yes, household	Yes, household	Yes, household income. Income of dependents up to 18	Yes, household	Yes, household
Beneficiaries 3: age	25	18-60	18	18	18
Duration of the benefits	Unlimited	Unlimited	Unlimited	Unlimited	Temporary
Back to work condition	Yes	Yes	Yes	Yes	Yes
Social programs	Yes	Yes	Yes	No	No
Amount	I.e. Single person: up to €1,184 per month	I.e. Single person: up to € 359 per month	I.e. Single person aged 21 to 65: €588.13 per month	I.e. Single person: up to €109 per month	I.e. Single person: up to €109 per month

POLICY: MINIMUM INCOME: CONTINUE

Irs elaboration from Missoc 2007

COUNTRY	PORTUGAL	SLOVAK REP	SLOVENIA	SPAIN	SWEDEN	ROMANIA	UK
Name	<i>Social insertion income (Rendimento social de inserção)</i>	<i>Benefit in Material Need (Dávka v hmotnej núdzi).</i>	<i>Financial Social Assistance (denarna socialna pomoč)</i>	<i>No national measure</i>	<i>Ekonomiskt bistånd</i>	<i>Social Aid (ajutor social)</i>	<i>Income Support</i>
Level of government responsible for the measure (criteria definition)	State	State, municipalities	State	Autonomous Communities	State and Local	State and Local	State
Territorial variability of implementation	No	Yes	No	Yes	Yes	No	No
Financing 1: institutional level	State	State, municipalities	State	Autonomous Communities	State and Local	Local budgets	State
Financing 2: type	Taxation	Taxation	Taxation	Taxation	Taxation	Taxation	Taxation
Beneficiaries 1: citizenship/residence or previous contribution	Residents	Residents	Residents	Residents (usually between 3-5 years)	All the people with the right to stay in the country	Residents	Habitual residence
Beneficiaries 2: means test (individual/couple/ family)	Yes, household	Yes, household	Yes	Yes, family	Yes, household	Yes, family	Yes, family
Beneficiaries 3: age	18, with some exceptions	No age requirement	18	Generally up to 65 years	No	18	16
Duration of the benefits	Generally 12 months; possibility of extension in certain cases	24 months by state, after by municipalities	3/6 months (12 months for over 60)	Generally 12 months; possibility of extension in certain cases	Unlimited	Unlimited	Unlimited
Back to work condition	Yes	Yes	Yes	Depends on Community	Yes	Yes	No
Social programs	Yes	Yes	Yes	Yes	No general scheme	No	Yes
Amount	I.e. single person up to €177.05 per month	I.e. single person: up to €157 per month	I.e. single person: up to €205.57 per month	Depends on Community	I.e. single person € 385 per month	I.e. single person up to € 28 per month	I.e. single aged 25: up to €742 per month

Let us see the role of the minimum income in each specific welfare context:

In Austria, in 1994 the limited powers of the central government in social assistance were reduced and social assistance became the almost exclusive responsibility of the nine provinces of Austria. As a consequence the country has a minimum income scheme governed by Länder which decide on the structure of the measure. It is one generalised, all encompassing benefit and it is the only non-contributory measure whereas most Austrian economic subsidies are contributory benefits. Austria has a high total expenditure and it is quite effective in reducing poverty, in fact after social transfers poverty is reduced by 72.1%. Pension transfers are an effective measure in the fight against poverty able to reduce it by 44.2 percentage points.

The Belgium welfare system is mainly contributory based but it guarantees an unlimited minimum income that ensures social and/or income integration to the residents in a state of need. There is also a non contributory old age measure. The country presents a high old age expenditure even if pensions are not as effective in fighting old age poverty as in other countries. There is particular attention to unemployment (a unlimited insurance, based on family type with the highest European expenditure). A number of 'active' labour market initiatives are sponsored at the local level. Homeless people have the right to register in any area, to become eligible for Minimex, and to receive help with housing costs and schemes. Families are covered by Guaranteed Family Allowance for low-income families and Child Allowance. Belgium is the fifth EU country in total expenditure ranking but it only ranks thirteenth in total effectiveness in reducing poverty.

In Bulgaria the welfare system includes contributory and non contributory measures for old age and invalidity, and only a contributory measure for unemployment. The minimum income is an unlimited measure for all permanent residents in need, regardless of age.

The welfare system in Cyprus includes non contributory means tested measures to support old age and invalidity. It also has a minimum income as a last resort measure, but the measures appear to be not particularly effective in fighting poverty. The level of social expenditure appears low for all issues considered except for housing and social exclusion.

The Czech Republic has a minimum income with unlimited duration, and a measure to provide assistance in need. The welfare system also includes specific non-contributory allowances for the handicapped and for low-income families with dependent children. It has a particularly effective system in reducing poverty (it is second in the European ranking): it also has the best performance in Europe in terms of effectiveness of the pension system in reducing poverty (46.2 percentage points). On the other hand, it has a medium to low expenditure for all the areas considered.

Denmark has an institutional redistributive welfare state which is based on universal, tax-financed social benefits and citizens' rights to free social services, health care and education. The Danish welfare system includes different non contributory universal measures for old age and invalidity. Denmark is an example of low poverty rate, high effectiveness in poverty reduction both through categorical non contributory measures and minimum income as a last resort measure. It is the country with the highest expenditure level in Europe for housing and social exclusion and the maximum effectiveness in reducing poverty by other social transfers (61.3%): It is the second country in terms of effectiveness in reducing poverty but almost the last (20.5%) considering only pensions.

In Estonia the minimum income is a temporary measure and it is financed by State and local municipalities that can implement it and organize social inclusion programs. There are non contributory schemes for the elderly and invalid. Estonia has a low level of social expenditure compared with European countries (23th) and it has a medium to low effectiveness in reducing poverty.

In Finland the minimum income is a complementary measure against poverty. National assistance covers all categories making the Finnish welfare system very extensive and not categorical. The measures are generally designed for those without sufficient means to meet the necessary costs of living. Most reforms introduced at the end of the '90s were aimed at cutting aggregate social expenditure and increasing work incentives in particular for young people.

The welfare system presents a medium to high effectiveness in reducing poverty (9th), mostly due to social transfers (3rd) other than pensions.

France has developed a comprehensive policy for combating exclusion since 1998, similar to the Irish and British anti poverty programs. The core of the French social assistance programme remains the guaranteed minimum income (RMI). In the '90s measures were introduced aimed at encouraging RMI recipients to get back to work: these include exemptions from social insurance contributions and cash payments to employers for taking on the long-term unemployed. RMI is now seen as a central part of the social protection portfolio: the French welfare system includes different forms of assistance guaranteeing minimum income to certain groups of the population such as the elderly, persons with invalidity and the unemployed, plus a last resort measure such as minimum income. The measures are generally means tested. In 2004 the fight against social exclusion became part of a new institutional framework related to the implementation of the new constitutional law on decentralisation.¹² France has a high level of expenditure and of effectiveness of the policies implemented in reducing poverty.

The German means-tested benefits supplement social insurance benefits that are primarily based on previous earnings and contributions rather than on individual needs. They exhibit a balanced relationship between central and local levels, a stronger emphasis on entitlements, and a relatively low level of benefits (cfr. Behrendt, 2000). Germany has an unlimited national minimum income scheme implemented at the Länder level strongly concerned with reintroducing beneficiaries in the labour market: a refusal to accept a job could result in a reduction of at least 25 per cent in the basic social assistance scale rate payable. The country has a high total expenditure well distributed in all the categories considered (medium for housing and social exclusion). It has a medium effectiveness in reducing poverty (70.5 percent points), where social transfer and pension transfers have quite the same relevance.

Greece and Hungary are two of three European members without minimum income. The Greek welfare system is basically contributory for insiders, while the Hungarian welfare system includes categorical non contributory measures for elderly and disabled people.

Greece has a low effectiveness in reducing poverty (48.7%), but a medium effectiveness of the pension system (41%), while on the contrary Hungary has one of the highest levels of effectiveness in Europe in reducing poverty (74%).

Ireland has a National Anti Poverty Strategy which was launched in 1997. The welfare system includes different forms of assistance guaranteeing minimum income to certain groups of the population such as the elderly, persons with invalidity and the unemployed, plus as a last resort minimum income. The measures are generally means tested. Ireland has a low effectiveness in reducing poverty (50%), even if social transfers are able to reduce poverty by 37.5%. Its expenditure is medium-low for almost all the areas considered, except for unemployment and family for which its expenditure level is medium-high.

¹² Heikkila et alii, 2006

Italy does not have a national minimum income scheme but rather only a few regional experiments. Most of the Italian economic subsidies are categorical and merely transfers. There is no a non-contributory unemployment scheme. The future of social assistance in Italy is linked to a wider debate about the structure and funding of the welfare state. The debate is whether a national minimum income should absorb all the existing means-tested and non means tested benefits (including the social pension, invalidity pensions and family allowances), and whether they should be linked to the willingness to work or train. There is, however, a great deal of political opposition to any change. Italy has a medium total expenditure but it is not effective in reducing poverty. It has a low level of social expenditure in all categories except for old age: pension transfers can be considered the strongest measure in the country's fight against poverty considering that these transfers alone reduce poverty by 44.2 percentage points. Housing and social exclusion expenditure is the lowest in Europe.

Latvia has a minimum income scheme, limited in duration, with a strong commitment to promoting employment and it is designed to try to overcome the poverty gap (it is granted also during the first three months if the recipient finds a job, and then it decreases). Old age and disability subsidies are also available for "outsiders" without contribution. The country has the lowest total expenditure in Europe but it is the 20th in effectiveness ranking.

Lithuania adopted a Strategy on Poverty Reduction at the beginning of 2000. The Lithuania welfare system includes a temporary means tested minimum income, and other categorical non contributory means tested measures for elderly and disabled people. It has the second lowest total expenditure level in Europe and it is not very effective in reducing poverty.

Luxembourg provides an unlimited minimum income and another economic integration in case of enrolment in social activity programs. It is one generalised, all encompassing benefit and this is the only non contributory measure of the system. It has a low-medium total expenditure (14th European country) but its welfare system is fairly effective in reducing poverty (11th European country) due to a quite similar contribution of pension and other social transfers.

Malta has an unlimited minimum income scheme for people aged 18-60 who are not able to maintain themselves. Minimum income and other social transfers are not particularly effective and its welfare system has a medium impact on poverty. The country presents low total expenditure: most of the expenditure is for old age, and pensions are the more effective measures that Malta has in reducing poverty by 43.2% (6th European country).

In the Netherlands there is a universal minimum income scheme. The scheme is a last resort measure embedded in a comprehensive protection system concerning old age (flat rate universal pension), unemployment benefits for insiders, and also invalidity non contributory benefits. It is ranked 8th considering its effectiveness in reducing poverty, due quite in the same way to pensions and social transfers.

In 2003 Poland adopted a National Strategy on Social Inclusion. There are two minimum income measures, one is temporary and one is unlimited. These are merely economic contributory transfers that help people in state of need. Its expenditure is medium-low (17th) and in terms of effectiveness Poland is below average in the ranking. Pensions are the most effective schemes in fighting poverty (41.2%).

Portugal has a national minimum income scheme and for this reason is considered an example of success in the South of Europe, in comparison with Greece, Italy and Spain (Ferrera, 2006). The Guaranteed minimum income is linked to an integration program with benefit rates linked to the level of the social pension. The integration program, inspired by the French RMI, aims to promote the social and occupational integration of family members, by meeting basic needs, providing vocational training and direct access to employment. The experimental projects are organised by local authorities, public departments and non-profit private organizations. Moreover the welfare system includes categorical non contributory measures for the elderly and disabled. The effectiveness of this welfare system remains low (22th), mostly due to the pensions that reduce poverty by 31.1% (16th).

Romania has a minimum income scheme as a generalised, all encompassing benefit and this is its only non-contributory measure. It is a means tested aid and it is available also to foreign citizens or stateless persons with residence/domicile/refugee status in Romania. Those benefiting from the guaranteed minimum income are entitled also to increased family complementary allowance and disabled children allowance, heating aid, funeral aid and free social assistance in the case of the elderly. In terms of money offered, the guaranteed minimum income is not an effective social inclusion mechanism due to insufficient coverage. In fact social transfers have low effectiveness in reducing poverty.

The Slovak Republic has a minimum income scheme as a generalised, all encompassing benefit and this is its only non-contributory measure. Even if the country presents a low level of social expenditure (21th), this expenditure appears highly effective (11th in reduction poverty). This effectiveness is especially due to pension transfers that can reduce poverty by 45%.

Slovenia adopted a Programme on the Fight against Poverty and Social Exclusion at the beginning of 2000. It has a national minimum income scheme that is activated when entitlements to other social insurance benefits and maintenance payments from other people are exhausted, yet the duration of the measure is short. It has a medium total expenditure and its effectiveness is good in reducing poverty (5th), mostly due to social transfers (53.8%).

Spain does not have a national minimum income scheme, but has different regional minimum income schemes, financed by a lower budget than nearby Portugal (Ferrera, 2006). The welfare system includes categorical non contributory means tested measures for different groups of the population such as the elderly, disabled and unemployed. It has a medium level of total expenditure (except for unemployment that shows the third highest level of expenditure in Europe) but it has low effectiveness in reducing poverty (48.7%). Pension transfers are the main measure in the fight against poverty (38.5%).

In Sweden, means-tested benefits complement the quasi-universal social insurance and extensive social services. Social assistance is administered by local communities, with a relatively generous benefit level though with tight controls and a high degree of local discretion (Behrendt 2000). Minimum income is designed for those without sufficient means to meet the necessary costs of living: it is unlimited and some active measures in order to achieve gainful employment are provided but there are no specific social inclusion programs. There is only an old age assistance measure while all the others are contributory based. Sweden is the most effective country in reducing poverty and this goal is almost entirely achieved by social transfers, while pensions have little relevance (20th).

The United Kingdom has a National Anti Poverty Plan called ‘Opportunity for all’ which was launched in 1999. The British welfare state is based on flat rate social insurance benefits that are supposed to be supplemented by private provision. In this setting, means-tested benefits play a major role since large parts of the population have to rely on means-tested benefits to make ends meet. Means-tested transfers are closely integrated with the flat-rate social insurance and are based on strong entitlements, though with rather low benefits. The UK has high recipient rates, especially for households living in extreme poverty, but also for the severe and moderate poverty brackets (Behrendt 2000). It has a medium total expenditure but the second highest concerning the family. Its effectiveness is especially due to social transfers (41.9%) while as a whole its welfare system reduces poverty by 58,1% (18th).

4.2 The characteristics of minimum income in the European countries

The results of the analysis of the national welfare systems allows for a first attempt to cluster minimum income schemes of European countries articulating them in a continuum between two main groups:

1. One characterized by assuming the **minimum income as one generalised, all encompassing benefit**: minimum income is the only (or the most important) income support existing and it is open to all those who are without sufficient resources. It is not limited to specific targets of population. This is in particular the case of Luxemburg, Austria, Poland, Malta, Slovak Republic and Romania.
2. At the opposite end of the continuum there are the countries where **minimum income is designed as a last resort subsidy** for all those who have already exhausted all other possible claims for targeted measures. In this case countries **provide both categorical assistance schemes and a general minimum income**. The minimum income is a last resort in systems that have developed separate forms of assistance guaranteeing minimum income to certain groups of the population such as the elderly, disabled and unemployed. This categorical assistance is intended to provide more specific safety nets for social groups that have insufficient resources. To this group belong in particular France, Finland, Germany, Ireland and United Kingdom.

A smaller group of countries is characterised by the presence of **categorical schemes and the absence of general last resort measures** (Italy, Hungary and Greece) or the **absence of a national minimum income scheme** (Spain).

Other countries are positioned between the three groups with Belgium, Netherlands, Sweden and the Czech Republic nearer to the group with an all encompassing measure; and Bulgaria, Cyprus, Denmark, Estonia, Latvia, Lithuania, Slovenia and Portugal nearer to the group with the minimum income as a last resort measure.

Encompassing benefit	←	→	Last resort	Only categorical schemes and/or absence of national minimum income
Austria	Belgium	Bulgaria	Finland	Italy
Luxemburg	Netherlands	Cyprus	France	Hungary
Malta	Sweden	Denmark	Germany	Greece
Poland	Czech Republic	Estonia	Ireland	Spain
Slovak Republic		Latvia	United Kingdom	
Romania		Lithuania		
		Slovenia		
		Portugal		

Irs elaboration from Missoc 2007

In the following paragraphs we will analyse European minimum income schemes through different perspectives:

- a) institutional level and the model of financing
- b) access to measure
- c) duration of the benefit
- d) amount of the allowance
- e) social activation.

4.2.1 Institutional level and financing

Considering the institutional and financing level, European countries can be divided in three groups:

- 1) The first group is composed of countries where these two functions are located at the **central level**.
- 2) The second group is composed of countries where these functions concern the **local level**.
- 3) The third group includes countries where there is a **mixed competence**. There are some exceptions in both levels (responsibility and financing) to be considered.

Minimum income is set almost everywhere by the central government, only in Germany and in Austria are the Länder responsible for it (and in Italy, where the measure has been implemented), while in Sweden and the Slovak Republic there is a co-responsibility between the central and local level.

In countries where the local level is responsible for the measure the implementation of the measure is differentiated across the country. The only exception is Finland where even if the central authority is responsible for the scheme, the implementation of the measure has specific differentiations at the local level.

The same correspondence is found if we consider the financing level. **In all the countries the type of financing is non-contributory: all minimum income schemes are financed by taxation.** The financing is at a central level for those countries where central governments are responsible for the measure, while the funding is at a local level in those countries (Austria and Germany) where local authorities are responsible for the measure.

There is a co-financing (state and municipalities) in Sweden and the Slovak Republic, where the two government levels are involved in the responsibility. There is an exception: in Romania, even if the state is responsible for the minimum income, the measure is financed by local authorities.

Synthesizing this information we obtain the following table.

Level of responsibility and financing

		Financing		
		Central	Local	Mixed
Responsibility	Central	Belgium, Bulgaria, Check Republic, Cyprus, Denmark, Estonia, Finland ¹³ , France, Ireland, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Slovenia, United Kingdom	Romania	
	Local		Austria, Germany, (Italy)	
	Mix			Slovak Republic, Sweden

4.2.2 Access to the measure

In order to understand the design of minimum income schemes, and attempting to evaluate their role in the fight against poverty and social exclusion, it is essential to focus on the eligibility rules.

1. In many cases eligibility rules are fixed by national laws.
2. In some specific cases, eligibility rules are settled by regions (Austria, Germany, Spain, Italy).

The main eligibility rules are: citizenship and/or residence condition, age and income.

¹³ It is an exception: even if the central authority is responsible for the scheme, the implementation of the measure has specific differentiations at the local level

In the European countries the minimum income is generally accessible to any person permanently residing in the country. However the evaluation of ‘residence’ differs from country to country. In particular some countries have strictly specified the period of previous residence. Among these: in Denmark eligible beneficiaries need to have resided in the country during 7 of the last 8 years; in Luxemburg, 5 of the last 20 years; in Czech Republic for at least three months; in Spain usually between 3 and 5 years. Moreover the United Kingdom has a specific “habitual residence test” for claimants who have lived outside the country during the period of two years before the date of the claim.

Nationality is not generally a requirement to access minimum income. However some European countries have specified some conditions concerning citizenship for accessing minimum income, these are: Austria, Belgium, Germany, France, Denmark, Malta. But while in Malta nationality is required, in the other countries it is not required for nationals from states with which the country has concluded mutual agreements, such as all EU member states. In Belgium and in France to access minimum income non-nationals and non Europeans are required to have a residence permit.

Moreover some of these countries have specific measures for non-nationals such as asylum seekers and refugees (i.e. Germany)¹⁴.

A further element is **the age of eligibility. In most countries there are no age restrictions** and, according to Missoc database, only 7 countries (Belgium, Ireland, Netherlands, Poland, Portugal, Romania, Slovenia) have specified the general minimum age of 18, while France and Luxemburg give access to the measure starting at 25 years old (with some exceptions) and the UK gives access to the scheme from 16 years onwards. Moreover in two countries there is a specified maximum age of eligibility, the retirement age - 60 years in Malta and, generally, 65 years in Spain. However, despite the fact that age generally does not represent an eligibility criterion, the benefit levels are sometimes linked to the age of the beneficiary (cfr. amount of the allowance).

Beyond residence and age, access to minimum income depends primarily on the **assessment of income situation. Means-testing is generally used to include/exclude people from access**, and it is more important than the evaluation of general needs of, for instance, older people or disabled persons.

The **threshold** to access at the measure is generally **based on the cost of living or a basket of goods**, and is reviewed annually taking the rise of inflation into consideration. In some cases the threshold for access is linked with other measure such as minimum wage and/or minimum pension (i.e. Luxemburg, Malta, The Netherlands).

Means tests generally take into account the resources belonging to the claimant and his/her spouse or partner or whoever else (for instance children, parents or grandparents) share the same household. However there are some exceptions. In some cases means tests include the income of dependents up to a certain age (16/20 years in UK, 18 years in Denmark and Netherlands, 25 years in France) while in others it is excluded (18 years in Cyprus). Moreover in a few countries, the means test also considers the immediate family members (relatives) even if they do not belong to the claimant’s household (Cyprus, Latvia).

¹⁴ Heikkila et alii, 2006

Considering the resources taken into account in the means test:

- In general all sources of income, revenues and resources are taken into account regardless of their nature and origin.
- There are several exceptions, such as some social/family benefit/allowance (Austria, Cyprus, Denmark, Estonia, Ireland, Lithuania, Luxemburg, Portugal, Romania, Slovenia, Slovak Republic, UK), assets up to a certain level (Denmark, Germany), the value of the home of the applicant (Ireland), capital under a certain level (Netherlands, UK, Romania), work earnings under a certain level (Portugal; Slovak Republic).

4.2.3 Duration of the benefit

Another feature that specifies minimum income across European countries is the duration of the benefit.

- In most of the countries it is **unlimited as long as the eligibility conditions persist**.
- In seven countries **the duration is limited** and it varies between 3 months and 24 months. In particular, the duration is shorter (three months) in Lithuania, Slovenia, France and Latvia. Minimum income lasts 12 months in Portugal and Spain and it is 24 months long in the Slovak Republic. This duration may be prolonged in all of these countries but in different ways. Minimum income in Lithuania and Slovenia can become unlimited in some special case, in the sense that it can be renewed for an unlimited number of times for those whose social status does not change. Only for two countries (France and Latvia) is it more restrictive: in France it can be extended for periods of between three months and one year and in Latvia it is renewable for a period no longer than 9 months per year.

Also in Portugal and in Spain it can be extended if circumstances hold over and in the Slovak Republic, after 24 months, local municipalities start to provide it.

Synthesizing, we can say that there are three types of duration, the unlimited one, the limited but extendible according to the persistence in a state of need, and the more restrictive one. Countries are divided using these categories in the following Table

Minimum income duration and condition for renewal

Unlimited	Limited, extendible	Limited, extendible with restrictions
Austria	Lithuania	France
Belgium	Portugal	Latvia
Bulgaria	Slovak Republic	
Check Republic	Slovenia	
Cyprus	Spain	
Denmark		
Estonia		
Finland		
Germany		
Ireland		
Luxembourg		
Malta		
The Netherlands		
Poland		
Romania		
Sweden		
United Kingdom		

Irs elaboration from Missoc 2007

4.2.4 Amount of the allowance

In Europe the amount of minimum income has a large variation from country to country, taking into consideration the different models of welfare and the different levels of social protection in terms of guaranteed income.

With available data it is possible to analyze the amount of minimum income throughout Europe regarding five specific issues:

- the value of minimum income for a single person
- the relation between the value of minimum income and minimum wage
- the policy concerning local differentiation of the amounts
- the policy concerning relations between amounts (fixed or graduated)
- the variation of the minimum income according to family composition.

The amount of minimum income for a single person living alone per month (2007), calculated according to comparative price level indices (2006), differs from a maximum of 1.081 EUR in Luxemburg to minimum of 55 EUR in Romania: the mean value of minimum income in Europe is 396 EUR per month.

The relationship between the level of minimum income and minimum wage is different across European countries. It differs from 23% in Latvia to 75% in Luxemburg. Generally the minimum wage level exceeds more the minimum income amount in less developed countries such as countries from Eastern Europe, with some exceptions (Slovakia, Poland, Czech Republic).

The relationship between the minimum income and minimum wage levels is calculated because, according to some relevant studies, a high level of social benefits in relation with the minimum wage could function as a disincentive to work.

Minimum income in EUR for single person living alone per month (2007)

Country	Minimum income (EUR) [°]	Absolute level minimum Income (a)	Absolute level minimum wage (b)	% Minimum income (a)/ Minimum wage (b)
Romania	55	28	114	24,6
Latvia	72.2	39	172	22,7
Estonia	93.8	58	230	25,2
Lithuania	102.7	53	174	30,5
Poland	190.2	109	246	44,3
Czech Republic	191.2	114	288	39,6
Portugal	210.9	117	470	24,9
Slovenia	282.9	206	522	39,4
Slovakia	283.3	157	217	72,4
Sweden(**)	322.4	385	No statutory m.w.	-
Germany (**)	326.3	345	No statutory m.w.	-
Finland(*)(**)	327.8	381	No statutory m.w.	-
France(**)	411.6	441	1254	35,2
Cyprus(**)	412.9	356	No statutory m.w.	-
Austria(*)	466.6	481	No statutory m.w.	-
Malta	513.5	359	585	61,4
Netherlands(**)	557.8	588	1301	45,2
Belgium(**)	620.8	645	1259	51,2
Ireland	657.1	805	1403	57,4
United Kingdom	657.2	742	1361	54,5
Denmark	881.7	1201	No statutory m.w.	-
Luxembourg	1081.2	1185	1570	75,4

Irs elaboration from Missoc 2007, Eurostat 2006

Note:

[°] Values are proportioned to the comparative price level indices (2006).

* Medium value of a range of minimum income.

** In these countries minimum income is joined with associated rights that are not included in the value.

Not only do amounts differ between the European countries, but in some of the countries there is also a territorial differentiation due either to national or local decisions or to a combination of the two.

- For instance, in Sweden and Netherlands, the amount is determined by a combined decision at the national and local level; in The Netherlands local authorities may determine additional allowances.
- In the case of Finland, at the national level two different amounts are defined according to municipalities' classification.
- Finally, in some countries the level of the benefit is locally determined, as in the cases of Germany, Austria and Spain.
- Moreover, local differentiation of the amount in almost all countries is possible in consideration of the possibility of Municipalities to set higher amounts as far as their budget allows it.

Local differentiation of the amounts

No local differentiation	Portugal
Belgium	Slovakia
Cyprus	Slovenia
Czech Republic	United Kingdom
Denmark	Local differentiation, set by the State and the local level
Estonia	Netherlands
France	Sweden
Ireland	Local differentiation, set by the State
Latvia	Finland
Lithuania	Local differentiation, set by the local level
Luxembourg	Germany
Malta	Spain
Poland	Austria

Irs elaboration from Missoc 2007

The basic cash transfer may be the same for all beneficiaries or differentiated according to their income.

- In the first case the beneficiary who has access to the measure, because he/she has an income below a set minimum level, receives a **fixed amount**; in this case the amount is often linked to other social measures such as social pension or unemployment benefit or fixed according to the price of elementary needs such as food, maintenance of clothes, personal hygiene, heating and lighting, and so on. To this group of countries belong Austria, Czech Republic, Denmark, Finland, France, Germany, Ireland, Netherlands and Sweden.
- In the second case the beneficiary of minimum income receives an **amount that varies according to the beneficiary's income**; in this case the minimum income is an integration aiming at compensating the difference between the amount of the guaranteed minimum income and the overall beneficiary's resources. To this second group belong Belgium, Cyprus, Estonia, Latvia, Lithuania, Luxemburg, Malta, Poland, Portugal, Slovenia, Slovakia and United Kingdom.

Fixed or graduated amount

Fixed amount	Graduated amount
Austria	Belgium
Czech Republic	Bulgaria
Denmark	Cyprus
Finland	Estonia
France	Latvia
<i>Germany</i>	Lithuania
Ireland	Luxembourg
Netherlands	Malta
Sweden	Poland
	Portugal
	Romania
	Slovenia
	Slovakia
	<i>United Kingdom</i>

Irs elaboration from Missoc 2007

In all European countries the amount of minimum income differs according to the components of the family. There are different arithmetic relations between the amounts. In this report we consider the relations between the amounts of a single person, a couple and a couple with one child.

A couple, composed of two adults, is normally entitled to between 1.5 and 2 times the amount of a single person. The increment for couples compared to single persons is minimum (1.5) in France, Cyprus and Luxembourg. At the opposite side, the increment for couples compared to single persons is maximum (2) in Belgium, Denmark, Latvia, Lithuania, Netherlands and Portugal.

Concerning a couple with a child, this type of family is entitled to between 1.69 and 3 times the amount of a single person. The minimum increment for this type of family is found in Luxemburg (1.69 times a single person), followed by France and Cyprus (1.8 times a single person). At the opposite side, the maximum addition is present in Latvia and Lithuania (3 times a single person).

Even if in the majority of European countries the cash benefit provided varies according to the family composition, some cases differ. In Malta if an adult single person represents 100% then any other eligible person in the same household would receive 11.7%. Moreover in Sweden there are no relations between the amounts, in fact benefits are linked to the needs of different householders and related to consumer prices.

Relations between the amounts

Relations between the amounts	SINGLE	COUPLE	COUPLE + 1 CHILD
France	100	150	180
Cyprus	100	150	180
Luxembourg	100	150	169
United Kingdom	100	165	239
Ireland	100	166	196
Slovenia	100	170	200
Slovakia	100	170	215
Poland	100	174	248
Estonia	100	180	260
Romania	100	182	254
Finland	100	185	248
Germany	100	190	250
Belgium	100	200	225
Denmark	100	200	266
Latvia	100	200	300
Lithuania	100	200	300
Netherlands	100	200	214
Portugal	100	200	250

Irs elaboration on Missoc 2007

Note: In Spain, Austria and Italy the relation between the amounts vary according to the decisions of regional and local authorities.

Finally, we have seen that age generally does not represent an eligibility criterion. However the benefit levels sometimes depend on the age of the beneficiary. In particular in the Netherlands beneficiaries under 21 have a lower benefit, similarly in Denmark and Bulgaria beneficiaries under 25 have a lower benefit.

4.2.5 Social activation

Typically, one of the goals of minimum income is to help the beneficiary to overcome social exclusion. There are different kinds of “social programs” and different ways of involving beneficiaries and public authorities.

Over the past decade most European countries have experienced major changes and reforms in both social protection and labour market policies. Since the end of the 1980s (OECD, 1990), the OECD and the EU have advocated the ‘activation of passive expenditures’, signifying the reform of insurance - based measures (typically unemployment insurance), towards programmes that are more work-oriented. At the end of the 1990s and the beginning of the following decade, this issue was generalized to the whole system of social protection and fiscal policy (‘Welfare-to-Work’). Thus, a new link between work and social rights (towards a new architecture of social protection) was created. This philosophy has not been introduced everywhere but the trend appears clear.

Currently, it is possible to distinguish three kinds of strategies to overcome social exclusion: employment programs, social programs, and fiscal policies.

Employment programs

Most of the countries associate with the economic allowance programs aimed at helping beneficiaries to find a job or to improve their labour skills (Germany, Latvia, Luxemburg, Malta, Ireland, Czech Republic, Slovenia, Slovak Republic, United Kingdom, Bulgaria, France, The Netherlands, Spain, Portugal, Denmark, Sweden).

Employment programs include several actions, such as offering professional and education counselling, training or re-training, preparation and guidance for job interviews, *stages* for the acquisition of work experience, placement.

Generally, in these countries participation in employment programs is a condition of entitlement. In the case of beneficiaries who refuse, without any justified reason, participation in employment programs, in several countries those are deprived of monthly social allowances, partially or completely, for a determinate period or totally (i.e. Bulgaria, Denmark, Estonia, Lithuania, the Netherlands).

Social programs

For unemployed persons who are not included in employment programs because they are unable to work, most of the countries plan social programs linked to the economic allowance programs.

Social programs include several actions, such as: education programmes (i.e. Ireland, Denmark; counselling and support to beneficiaries with specific needs related to daily life (i.e. The UK, France, Slovenia); occasions of active participation in community life for example for pensioners (i.e. Germany, Bulgaria); socially useful activities such as gardening in public spaces, assistance in office work at local councils (i.e. Italy, Bulgaria); medical treatment and rehabilitation for example in the case of beneficiaries with problems of alcohol or drug abuse (i.e. Estonia, Latvia, Slovenia); family care and support such as looking after old people and children (i.e. Italy).

In some of the countries participation in activation programs is on a voluntary base, while in others the involvement in programs or the acceptance of job opportunities offered is compulsory.

Fiscal and economic policies

Finally, to avoid the poverty trap and to stimulate beneficiaries to accept job opportunities some countries have elaborate specific strategies: 1) to exclude part of the job earnings (or the whole earnings for a limited period) in the income calculation in order to guarantee also in case of employment the minimum income benefit; 2) to gradually reduce the amount of minimum income when a beneficiary begins to work.

The strategy of income disregards is followed by some countries: Denmark, Cyprus, Slovak Republic, Portugal, Germany, Belgium, Romania, The Netherlands, UK.

Income from work is deducted in the income calculation in different ways. Specifically, in some cases it is a fixed reduction while in others it is a graduated reduction. A fixed amount is discounted from the income in Cyprus (€86 per month), in Belgium during a maximum of 3 years (€204 per month), in the UK (€7/15/30 per week). Moreover, in Denmark, the earnings from work performed in the framework of an activation measure is completely deducted except an amount per working hour (€2/4), with a maximum of 160 hours per month.

On the other hand, parts of the earnings from work are not taken into account in a percentage in Portugal (20%) and in the Slovak Republic (25%). Moreover, in Romania the amount of minimum income is increased by 15% in cases where at least one family member is employed.

Another strategy to avoid the poverty trap is developing benefit systems aimed to ensure that people are better off working and are not discouraged from increasing earnings. The strategy of back to work allowances is followed by some countries: the UK, Latvia, France, Ireland and Malta. In the UK, for example, Income Support is paid to single parents for two weeks, and to beneficiaries receiving help with mortgage interest for four weeks, after beginning work if they have moved off the benefit. In Latvia, if the recipient of Income support has started to work, the benefit is granted for a further 3 months with a decreasing rate of 75%, 50% and 25% of the granted amount.

No special programs

Only three countries do not have special social and employment programs, or economic incentives: Austria, Lithuania and Poland. Nevertheless, in Poland and Lithuania, people capable of work must be registered at the Labour Office and available for work and training. In Austria, people capable of work must be willing to perform reasonable work.

The following table shows how social programs, employment programs and economic procedures (fiscal policies) are combined in different European countries.

Workfare and social activation

social prog + empl progr + econ proc	social prog + empl progr	empl progr + econ proc	social prog	econ proc	no special programs
Denmark	Bulgaria	Sweden	Estonia	Belgium	Austria
France	Czech Rep		Finland	Cyprus	Lithuania
Germany	Luxemburg			Romania	Poland
Ireland	Spain				
Latvia					
Malta					
Portugal					
Slovak Rep					
The Netherlands					
United Kingdom					

5. Strengths and weaknesses of the different models: discussion from case studies

In order to analyse strengths and weaknesses of minimum income measures, we have adopted a case study method.

Case studies have been chosen on the basis of four different criteria:

- existing typologies of welfare regimes
- existing typologies of income support and policies
- effectiveness of social transfers in reducing poverty
- specific institutional arrangements detectable within groups of countries identified on the basis on the previous three criteria.

5.1. *Typologies of welfare regimes*

The well known and discussed welfare regime typology proposed by Esping-Andersen (1990) is based on the idea that national social policy models cluster according to two main analytical dimensions: commodification and restratification. These two concepts are operationalised with reference to different social risks and policy domains (among which unemployment, but excluding poverty). In fact **the main focus of the analysis is on market dependency (and reduction of dependency) and on market stratification** (and on restratification processes introduced by social policy). According to this analysis welfare states cluster around three welfare regimes that express qualitatively different models of “societal integration”:

- one more based on the market exchange (**the liberal regime**)
- one more based on redistribution operated by social policy on a universalistic basis (**the social democratic model**)
- and one more based on a combination of family and categorical redistribution (**the conservative corporatist regime**).

This approach was targeted by several critics, whose review and analysis go beyond the scope of this work. One of them consisted in acknowledging the fact that empirical analysis carried out in other areas of welfare such as social services and poverty showed that the three worlds of welfare are likely to multiply. For instance, analyses focussing on the supply of social services to the families for children and elderly people have shown considerable differentiations, especially within the conservative regime in continental Europe (Anttonen and Sipila 1996). When considering policy towards poverty similar results emerge (Leibfried 1993). Several authors have claimed the need for distinguishing, within Europe, a fourth model including

- Southern European countries (Leibfried 1993; Ferrera 1996; Mingione 1997; Saraceno 1998a). According to Ferrera (1996; 2000), there are several distinctive traits of the **Southern Welfare state**. Some of them refer to the way in which social policy has crystallized over time, such as the high relevance of transfer payments in the welfare state design. Second, the unbalanced distribution of protection. Third familism is regarded as the distinctive trait of southern European Welfare, where the family represents a crucial welfare institution and manifests the tendency to undertake a great amount of tasks in protecting individuals against risks (Saraceno 1998).

From a different point of view, the income packaging approach, by contrast, looks at the composition of individual or family income. Works based on this approach are explicitly aimed at testing the welfare regime theory and typology (Maître et al 2005; Bison and Esping-Andersen 2000). Generally, while underlining specific differences between countries belonging to the same cluster, they tend to confirm the general welfare regime grouping.

Based on this discussion, and despite the internal differentiations, our starting points are five groups of countries:

- The Nordic countries (Sweden, Denmark, Finland)
- The UK as the model nearest to a liberal model in Europe and (Ireland)
- Continental Europe. In the literature the continental European group clusters Germany, France, Belgium and Luxembourg, Austria and (the Netherlands)
- Southern Europe: Southern European countries are grouped together in a “rudimentary assistance model” Italy, Spain, Greece, (Portugal), Cyprus, Malta
- Eastern Europe: the least homogeneous group, with more differences than similarities, aggregate Czech Republic, Slovakia, Slovenia, Hungary, Lithuania, Poland, Latvia, Estonia.

5.2. *Welfare regimes and income support policies*

Until recently relatively little attention has been paid by researches to means tested income support schemes. On the one hand mainstream literature on welfare states and welfare state reform has mainly focussed on insurance schemes. On the other hand it means tested schemes have often been understood as a peculiar trait of the liberal welfare states (see for instance Esping-Andersen 1990), therefore underestimating their presence and importance also in other social policy models.

Part of the literature looks at social assistance policy through a “model recipients approach” and it focuses on the provision of benefits and the entitlements of typical but hypothetical recipients with specific traits.

Although useful in identifying and comparing the basic features of social programmes, the approach is often not very informative about programme outcomes, as it provides a picture of how social provision could or should work but not how it actually does work.

A wide-ranging study on social assistance schemes conducted in the mid 1990s across OECD Countries (Eardley et al., 1996) defined eight clusters based on three dimensions: **the extent of the programmes, their structure and generosity**. Cluster analysis was then used in order to test this typology (Gough et al., 1997) (see table below).

Table 1 The groups of social assistance regimes identified in 1997

<i>Regime label</i>	<i>Countries</i>
Selective welfare systems	Australia, New Zealand
The public assistance state	USA
Welfare states with integrated safety nets	Britain, Ireland, Canada
Dual social assistance	Germany, France, Belgium, Luxembourg
Citizenship-based but residual assistance	Denmark, Finland, Sweden, Netherlands
Rudimentary assistance	Italy, Spain, Portugal, Greece, Turkey
Decentralized discretionary relief	Norway, Austria, Switzerland
Centralized discretionary relief	Japan

Source: Gough et al. (1997: 36–7).

If we exclude non European countries we obtain a five group typology, that, nonetheless does not consider Eastern European countries. These five groups to some extent match the more general typology of welfare regimes illustrated above.

Let us see some characteristics¹⁵ of different models of income support of each welfare regime described:

1. The traditional **Nordic model**: the Danish, Swedish and Norwegian welfare states share certain important features. They all emphasize income equalization and a high level of state intervention. Welfare benefits are targeted at individuals rather than families. Income taxes are progressive, social transfer payments are generous, and the public service sector is large and decentralized. There are also important similarities with regard to economic conditions and policies. They have generally considered full employment as a crucial sociopolitical goal¹⁶: their income support schemes for this reason emphasize (re)insertion into the labour market.
2. The **Continental/Bismarckian** model stresses a good bypass mechanism with earnings-related benefits that are capable of replacing the lost wage to a higher degree than just a minimum level. For example the German means-tested benefits supplement social insurance benefits that are primarily based on previous earnings and contributions rather than on individual needs. (cf. Eardley et al., 1996a; 1996b; Guibentif and Bouget, 1997; OECD, 1998).
3. The **liberal British welfare state** is based on flat rate social insurance benefits that are supposed to be supplemented by private provision. In this setting, means-tested benefits play a major role since a large part of the population has to rely on means-tested benefits to make ends meet. Means-tested transfers are closely integrated with the flat-rate social insurance and are based on strong entitlements, though with rather low benefits. This Beveridgean model provides flat-rate income protection in order to safeguard minimum social participation. Hence earnings-related protection was originally left to occupational and private initiative.
4. **Southern Europe** can be conceived of as a less developed Continental model in which a much larger role is played by mechanisms of family solidarity. Social exclusion, then, appears to be much more widespread in the Southern countries and in the countries with an Atlantic tradition than in the Continental and Nordic ones. This model shows high protection of old age and of the aged as a social group; underdevelopment of family benefits and services and of housing policy. Moreover, a universalistic approach to health care and a public-private mix in the provision of health and care services are mentioned as other distinctive traits together with more general features of the state and its bureaucracy, such as a low level of stateness, the scarce efficiency of services and the high incidence of the irregular economy affecting the financing system.

¹⁵ Behrendt (2000)

¹⁶ Torfing, 1999

5. **Eastern Europe:** Under-represented in comparative research studies until recently, the trajectories of former socialist states are now of specific interest. It should be taken into account that these countries, despite sharing some common traits, reveal diverse characteristics both in relation to social policies and with reference to their trajectories into democracy and market economy. Several sources report that former Communist countries had generally developed a generous system of service provision in particular for children. The crisis of the late 1980s and early 1990s determined a decline of these public schemes. Nevertheless, more recent developments show that, after a critical period of retrenchment of social policies, a shift took place at the end of the 1990s in the direction of a renewed development of family friendly schemes. At the same time the economic crisis exposed serious problems of poverty.

5.3. Effectiveness of income support schemes

An alternative approach to the study of income support models looks at the performance of the systems in reducing poverty, one example being a study conducted by Sainsbury and Morissens (2002) using Luxembourg Income Study data. The effectiveness of social transfers is measured comparing the population's economic situation before and after taxes and transfers.

Similarly, the effectiveness of means-tested benefits in alleviating poverty is assessed comparing the poverty rates before and after means tested benefits. This is also the approach we have chosen for the general analysis conducted in chapter 3.

Combining this approach with a welfare regime approach we can combine an attention to the welfare regime characteristics and, when available, to the specificities of each country in terms of effectiveness.

In fact, there seems to be a strong association between welfare regimes and effectiveness of poverty reduction, with the exception of the Eastern European cluster that shows high differentiation, as expected.

European countries by a) welfare regime/income support model and b) poverty reduction effectiveness of social transfers other than pensions can be clustered as follows:

Welfare regime model	Poverty reduction effectiveness of social transfers other than pensions		
	High (more than 50%)	Mid (30%-50%)	Low (up to 30%)
Nordic countries	Sweden, <u>Denmark</u> Finland		
Liberal model		<u>UK</u> (Ireland)	
Continental Europe		<u>France</u> Belgium Luxembourg <u>Germany</u> (Netherlands) Austria	
Southern Europe			<u>Italy</u> Spain Greece Portugal Cyprus Malta
Eastern Europe	<u>Czech Republic</u> Slovenia Hungary	Slovakia	Lithuania Poland Latvia Estonia

Missing cases: Bulgaria, Romania – underlined the case studies chosen

Linking the previous cluster with the first simple characterisation of minimum income described in chapter 3 we have decided to choose the countries underlined:

	Encompassing benefit	←	→	Last resort	Only categ. schemes and/or absence of national min income
Nordic countries		Sweden	<u>Denmark</u>	Finland	
Liberal model				UK (Ireland)	
Continental Europe	Luxembourg Austria	Belgium (Netherlands)		<u>France</u> <u>Germany</u>	
Southern Europe	Malta		Cyprus		<u>Italy</u> Spain Greece
Eastern Europe	Poland Slovakia <u>Czech Republic</u> Romania		Lithuania Slovenia Latvia Bulgaria Estonia Portugal		Hungary

5.4. National case-studies

Based on findings on the effectiveness of social policies, on the belonging to traditional welfare regime clusters and on specific institutional traits we have selected a number of case studies, in order to deepen our understanding of current issues at stake in different systems.

5.4.1. The Nordic model: Denmark¹⁷

Denmark has been chosen as an example of minimum Income inside the **traditional Nordic model** including the Swedish and the Norwegian welfare states, which share certain important features. They all emphasize income equalization and a high level of state intervention. Welfare benefits are targeted at individuals rather than families. Income taxes are progressive, social transfer payments are generous, and the public service sector is large and decentralized. There are also important similarities with regard to economic conditions and policies. In general they have considered full employment as a crucial sociopolitical goal: their income support schemes for this reason emphasize (re)insertion into the labour market¹⁸.

In the Scandinavian countries the State is involved in financing and organising the welfare benefits available to the citizens to a far greater extent than in other European countries. For that reason the welfare model is accompanied by a taxation system which has both a broad basis of taxation and a high taxation burden.

The benefits given are more generous than in the case of the British Beveridge model – and in combination with the taxation system this brings about a greater redistribution than in the case of the Bismarck model, which is aimed rather at maintaining the present status.

In the Scandinavian countries most of the social welfare tasks are undertaken by the State or local authorities and, only to a limited extent by individuals, families, churches or national welfare organisations.

The principle behind the Scandinavian welfare model is that benefits should be given to all citizens who fulfil the conditions, without regard to employment or family situation. The system covers everyone; it is universal. And the benefits are given to the individual, so that, for example, married women have rights independently of their husbands.

As well described in the French *Report by the National Observatory on Poverty and Social Exclusion 2005-2006*, social transfers in Scandinavian countries reduce the number of poor people far more than they decrease poverty intensity. This result is achieved via a large volume of universal social transfers, which are allocated uniformly within these populations, and more generally, via a social protection scheme that aims for full employment - a goal to which both the public and social sectors contribute. Social services play a major role in implementing the welfare state and social monitoring. The assistance sector is marginal. The number of social minima is generally lower than in other European countries: hence, there is only a single minimum social benefit in Finland (guaranteed income), and two in the other

¹⁷ The case study is based mainly on the following sources: [Ministry of Social Affairs](#), *Social Policy in Denmark*; Ministry of Social Affairs, Ministry of Interior Affairs and Health, *Denmark - National Report on Strategies for Social Protection and Social Inclusion*, September 2006; Torfing, J., 'Workfare with welfare: recent reforms of the Danish welfare State', *Journal of European Social Policy*, 1999; Frederiksen Claus Hjort, Minister for Employment, *Social cohesion and flexicurity – The example of Denmark*, Preface, November 2005; [Lefebvre A.](#), [Limou S.](#), *Le Modèle Social Danois*, [Liaisons Sociales Europe](#), 2005; [Ochel W.](#): *Politique de "Welfare to work" comportant des dispositifs "Work first" spécifiques dans des pays sélectionnés*, 2005; [Barbier J.C.](#), *Apprendre du Danemark ? Réflexions sur le "miracle" danois*, 2005; *Statistics Denmark* <http://www.dst.dk/HomeUK/Statistics.aspx>; [Barbier J.C.](#), *Analyse comparative de l'activation de la protection sociale en France, Grande-Bretagne, Allemagne et Danemark*, 2006

¹⁸ Torfing, 1999

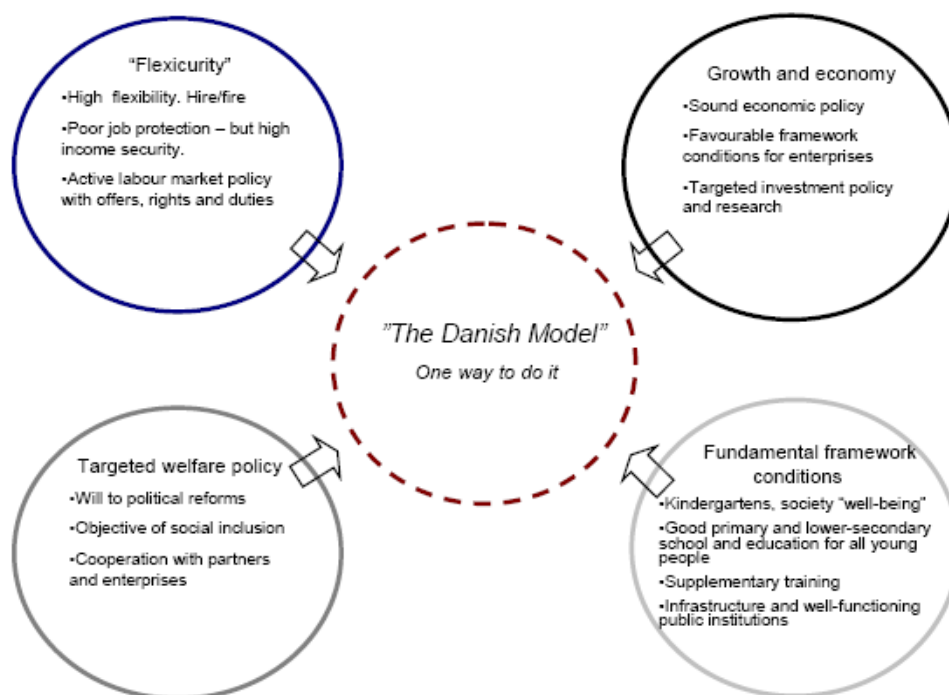
Scandinavian countries (guaranteed income and a compensation income for individuals with a disabled child or who take care of a terminally ill patient in Denmark; guaranteed income and a recent benefit, minimum pension, in Sweden). They are not subject to any age criteria.”

A further characteristic of the Scandinavian welfare model is the fact that rather than cash benefits, citizens are entitled to a wide range of service benefits provided by the authorities; these are often either free or subsidised. Both health services and education are free. In the social field the organisation and financing of both transfer payments and service benefits take place within the same unified system.

Denmark in particular has an institutional redistributive welfare state which is based on universal, tax-financed social benefits and citizens’ rights to free social services, health care and education. Denmark is an example of low poverty rate, high effectiveness of poverty reduction both through categorical non contributory measures and minimum income as a last resort measure. It is the country with the highest expenditure level in Europe for housing and social exclusion and the maximum effectiveness in reducing poverty by other social transfers (61.3%): It is the second country in effectiveness in reducing poverty but almost the last (20.5%) considering only pensions.

Denmark has developed a social policy model designated as **flexicurity**, combining pro-active labour market policy, flexibilisation and high protection of workers. The model is a combination of easy hiring and firing (flexibility for employers) and high benefits for the unemployed (security for the employees). Denmark has been chosen as a case study because its model, the flexicurity, is particularly effective and stimulating. The EU is investigating it as a possible future European model, mainly because the model has contributed to near-full employment in Denmark. It is a universal model presenting a strong protection towards unemployment, with high coverage and addressed to the entire population (not only to insiders).

The Danish Model:



Source: Frederiksen, 2005

Not a policy of fight against poverty but an overall strategy for social protection and activation

Denmark's strategy for social protection and social inclusion is built on the principles of universality, accessibility, gender equality, adequacy and sustainability: the system is mainly tax-financed.

The aim of the system is to bring out and encourage all the resources and competencies that the most disadvantaged people have, that can benefit both themselves and society in general. Thus, the system supports activities aimed at attaching these groups to the labour market through the mobilisation of all opportunities of social and economic support, in particular where pure employment activities are insufficient. Where people in addition to being unemployed, have other complex social problems in the form of tough social conditions, health problems, misuse problems, etc. all opportunities are tackled and nobody is left on passive income support. The nationwide programme *A New chance for everyone* also launched initiatives aimed at increasing disadvantaged people's chances of entering the labour market. In this context social and employment policies complement each other. On this background, the invalidity pension schemes and the social assistance rules aimed at fostering citizens' job opportunities have undergone comprehensive changes in recent years. All people with the capacity to work are given a genuine chance of using it on the labour market – primarily in jobs on conventional terms or, if not possible, in subsidised employment. At the same time, the overall strategy also aims to ensure that nobody loses their labour-market attachment due to physical deterioration, disease, etc.

The employment strategy *A new chance for everyone* has been presented in 2006 calling for all local authorities to offer all passive social and start-help assistance claimants a new chance: the local authority must decide whether the unemployed person can be referred to a job or ordinary training or education, or whether job training, on-the-job training, rehabilitation or other services should be offered to facilitate the access to the labour market.

The design of the measure

Kontanthjælp (Social assistance) is part of a wider system reformed in 1993 to face new risks and opportunities: with its high living standard and strong trade unions, Denmark could not compete on low wages with the newly industrialized countries and new Eastern European and Russian market economies. Hence, it was necessary to upgrade skills and qualifications in order to develop and maintain a technological lead in specialized industrial sectors, enhance the flexibility and skills of the labour force and to create enough sheltered jobs for those who cannot compete in the future labour market.

The Labour market Reform enacted in 1993 constitutes a decisive break with the passive safety-net model, not because it lowered the generous unemployment benefits, but because it implied a much more aggressive attempt to get people back into the labour market. The job-offer and education-offer schemes were changed in accordance with the guidelines sketched in the various policy reports: more flexible offers of counselling courses, subsidized job training, individual job training (for those unable to be employed on normal wage and work conditions), education, or subsidized self employment were to be given earlier and on the basis of a needs-oriented individual action plan, drafted and signed by both the labour exchange and the unemployed person.

If an unemployed person rejects a fair offer of activation during the benefit period then (s)he will lose the right to unemployment benefits for four weeks; in serious and repeated cases the right to unemployment benefits can be lost completely. Rejection of a fair offer of activation during the activation period leads to an immediate loss of the right to unemployment benefits.

The labour-market reform also facilitated job rotation through a law covering paid leave and adults' continuing education. As for the financing of the unemployment expenditure, a tax reform in 1993 lowered the taxes on the middle-incomes and introduced a newer marked labour market contribution, to be reduced if the costs of the active and passive unemployment measures fall. This was seen as a means to counteract the insider–outsider problem.

The principles behind the activation of those receiving unemployment benefits have also been applied to those who receive social assistance because they are unemployed and cannot claim unemployment benefits.¹⁹

The main goals of the Law on Active Social Policy²⁰ were:

- To emphasize the right and obligation of everybody to exploit and develop their working skills.
- To activate all recipients of social assistance, including those who have problems other than unemployment.

The law emphasized that public social expenditure should not be changed as a consequence of the law. The idea was to 'use the money more actively'. Accordingly, all recipients of social assistance are entitled to receive an activation offer and those who are activated should be provided with a needs-based, individual action plan (those who are not activated will be given other forms of help, for example participation in rehabilitation programmes).

The municipality can decide to give additional money to those who have special costs in relation to their activation offer (for example, transportation costs). People in job training will be paid a wage in accordance with the collective labour market agreements.

In contrast, social assistance can be refused to those who reject a fair offer of activation, but only so long as the offer is open. Assistance can be cut by up to 20 percent for those who stay away from the activation offers specified in the individual action plan.

Cash benefits

Cash benefits are the lowest level of the social safety net and are only paid when there are no other support options. People are not entitled to cash benefits if they can obtain support from other parts of the social system, nor can they receive cash benefit if their spouses are able to support them. People who have funds, for instance pension savings, are normally not entitled to cash benefits. Children aged under 18 cannot receive cash benefits, but must be supported by their parents.

Cash benefits are based on a residency principle and people need not be Danish citizens to receive them, but they will only be entitled to cash benefits if their social circumstances have undergone significant change. This may be unemployment, illness or separation. Thus, people are not entitled to cash benefits because of low income if, for instance, they are low-paid or students. There is no time limit to cash benefits, which can thus be paid until the recipient becomes self-supporting or entitled to a social pension.

¹⁹ Torfing, 1999

²⁰ Torfing, 1999

The acceptance of an appropriate offer to participate in an activation measure or in any measure aimed at improving the possibilities of the beneficiary or his/her partner to integrate in the labour market is compulsory. The payment of aid is suspended as long as the offer is valid, if the beneficiary or his/her partner repeatedly refuses without sufficient reason to participate in an activation measure or does not report to a job opportunity in the framework of the activation.

The determination of the amount of the benefit starts from 80% of the maximum unemployment benefit for parents with children living in Denmark and 60% of this maximum for persons with no children. Special rates for young people under 25 years of age and for the settlement benefit (*starthjælp*) are envisaged. This amount is determined at the national level: there is no regional differentiation.

Monthly amounts not including housing allowance:

• Persons supporting at least one child:	€1,596
• Single person over 25 years:	€1,201
• Under 25 years of age, living with parents:	€374
• Under 25 years, living separately:	€774

Case examples including Child benefit (bornefamilieydelse) (monthly amounts):

• Couple (>25) without children:	€2,403
• Couple with 1 child (10 years):	€3,303
• Couple with 2 children (8+12 years):	€3,414
• Couple with 3 children (8+10+12 years):	€3,524
• Single parent, 1 child (10 years):	€2,102
• Single parent, 2 children (8+10 years)	€2,212

Some figures

While having the highest tax burden per inhabitant in the OECD, Denmark also has the lowest poverty level in relative terms, due to the high degree of income redistribution. In absolute terms as well, poverty in Denmark is very low.

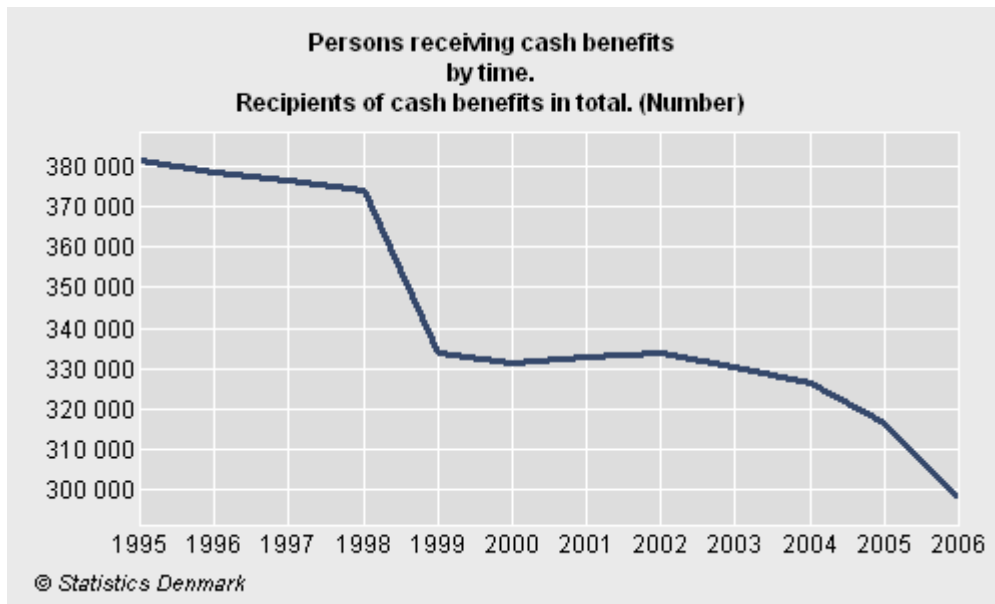
Concerning cash benefits in Denmark there are specific contributions aimed to offer assistance in particular situations and concerning specific temporary needs of the beneficiary:

Persons receiving cash benefits by type of benefits and time – 2006

Recipients of cash benefits in total	297 921
Maintenance assistance, etc.	172 006
Maintenance assistance, breadwinners	87 945
Maintenance assistance, non-breadwinners	54 930
Cash benefits for persons without social pensions and asylum applicants	2 363
Special support	18 040
Assistance for refugees - maintenance assistance	125
Assistance for young persons (1988-)	34 362
Assistance for education, etc.	52 509
Rehabilitation benefits (1990-)	20 659
Rehabilitation benefits in connection with enterprise rehabilitation (2002-)	9 561
Support for special expenses and for dwellings under rehabilitation	36 986
Wage supplement, tools	292
Assistance for enterprise rehabilitation (2002-)	1 748
Cash benefits under pre-rehabilitation	6 611
Assistance for own enterprise	36
Assistance for tools and implements	950
Assistance for refugees - rehabilitation	7
Activated recipients of cash benefits	90 531
Youth benefits (1990-)	0
Cash benefits for young persons under 25 years	0
Assistance in connection with voluntary activation	0
Special support for persons in activation	8 472
Activation benefits	0
Initiators benefits (1989-)	0
Activation allowance	36 428
Assistance to activation of refugees	0
Activation of persons under 25 years (1.7.95-)	0
Benefits for persons under guidance, qualify and enterprise practice	80 473
Wage supplement connected to activated	7 735
Activation of persons 25 years and more (1.7.95-)	0
Assistance in special cases	121 656
Assistance for right of access to children	2 422
Assistance for sickness treatment	31 779
Assistance for special expenses	37 209
Provision for disabled children	32 555
Lost earnings in connection with provision for disabled children	16 607
Provision for disabled adults	14 110
Caretaking of seriously ill children	0
Other assistance for refugees (1988-)	281
Assistance for repatriation	0
Assistance for widows and widower	476

Source: *Statistics Denmark*

As it is possible to see from the following figure, in the last few years there has been a consistent reduction in the number of beneficiaries of the measure:



The following Table shows the distribution of activation offers that the unemployed and recipients of assistance have received in the last quarter of 2003:

Characteristics of activation offers in 2003

Types of activation (<i>aktivering</i>)	Beneficiaries of assistance	Insured Unemployed
<i>jobtræning</i> (collective) of which: private sector	8.5 (7.3)	33.3 (7.1)
<i>jobtræning</i> (individual) of which: private sector	27.8 (7.2)	0
Training	30.5	56.9
Others	33.2	9.8
<i>Total</i>	<i>100%</i>	<i>100%</i>

The *jobtræning* is an activation program now classified as a subsidy to employment (*løntilskud*). The *Jobtræning* (individual) is restricted to the most difficult to be reintegrated in the labour market (in particular to the beneficiaries of *Kontanthjælp*).

Source: [BARBIER JC](#), *Apprendre du Danemark ? Réflexions sur le "miracle" danois*, 2005

Elements from national evaluations on the functioning, outcomes and impact of the measure

Main Weaknesses

The Law on Active Social Policy met numerous criticisms that we try to summarise here:

- Flexicurity as a form of reduction of the welfare system

In the literature some saw the new policy as a neo-liberal workfare policy serving as a means to cut public social expenditure (Hornemann Møller, 1996), others criticized the absence of a system of complaints and considered the new policy as a weakening of the public responsibility for the weakest (Ketcher, 1996), still others criticized the fact that people on activation did not enjoy the same kind of labour-market rights as people in ordinary employment.²¹

There have also been complaints from the local trade unions about the low ‘wages’ of the unemployed in individual job-training.

- Difficulties in the implementation of the workfare strategy with its strong attention to activation²²

Other problems identified in the literature concerning the implementation of the Danish workfare strategy can be described in terms of:

1. problems concerning the uneven quality of the individual action plans and the activation offers all over the country,
2. the most attention and resources of the labour exchange risk to be given to the best qualified unemployed providing appropriate activation offers to the highly educated unemployed,
3. ‘bottlenecks created by sequestering well-qualified unemployed persons in long-term education programmes’,
4. uncertainty as to whether short term training programmes really help the unemployed to re-enter the labour market.

- Difficulties in the activation of the marginalized groups

The literature emphasizes that more attention should be drawn to the difficulties associated with activating weak and marginalized groups, a large group of unemployed who are difficult to activate: local municipalities report that about a third of the social assistance claimants are difficult to activate because they have severe social problems. The really difficult cases can eventually receive some kind of early retirement pension, while the problem remains for the others whose activation is really costly and require the necessary amount of sheltered ‘flexi-jobs’ in the private and public sectors.

- Difficulties concerning the cooperation between the different institutional levels involved in the implementation of the measure

The uneasy cooperation has been seen between, on the one hand, the municipalities (which are administering the active social policy), and on the other hand, the labour exchange and the private business firms.

²¹ Torfing, 1999

²² Torfing, 1999

- It is an expensive model

Flexicurity is comparatively expensive, a fact often pointed out in international evaluations. The expenses for welfare services, labour market policy etc. are described as considerable. It is impossible to measure the costs of the active Danish labour-market policy precisely. Nevertheless, there are some indications that the costs of activating the insured unemployed have not risen with the implementation of the ambitious labour-market reform. Informal estimates from the Ministry of Labour suggest that activation today costs more or less the same as it did before the labour-market reform.

Main strengths and solutions adopted to tackle points of weakness

- A system that learns and improves from criticisms

The many criticisms led to the formulation of a new bill in 1997 which solved the problems regarding the citizens' rights (a new Law on the Equal Rights and Administration) establishing a 'one track complaint system' for all decisions made by the social authorities: in particular,

1) The Law on Active Social Policy stresses that activation must never replace treatment and that activation offers should correspond with the needs and capabilities of the social clients.

2) Activation through participation in futile work-for-the-sake-of-working projects is limited as the law clearly states that activation offers must improve the employment possibilities of the unemployed.

3) As recently described by the [Ministry of Social Affairs](#) more means of accessing the labour market will be created, since individual disadvantaged citizens may need different types of help to gain a foothold on the labour market. Tools will be developed and disseminated to help companies and employees who wish to open their doors to socially disadvantaged people. The Government is launching a number of directly employment-related initiatives to help disadvantaged groups get started. At the same time, the action programme contains measures of assistance and support for employers willing to give a chance to people atypical for the labour market.

- An offensive rather than defensive strategy towards improvement

The Danish workfare strategy is an offensive rather than a defensive strategy putting emphasis on: activation rather than benefit and wage reductions, improving the skills and work experience of the unemployed rather than merely increasing their mobility and job-searching efficiency, training and education rather than work-for-the-benefit (quid pro quo), empowerment rather than control and punishment, more inclusive workfare programmes rather than programmes which only target the unemployed.

- The institutional and territorial dimension

The policy is successfully implemented through the involvement and the interaction of several institutions and organisations each with a specific role and specific responsibilities:

- The central state plays an important role of regulation of the system.
- The activation policies are implemented by the local municipalities, which in Denmark are directly elected and hold considerable power.
- The central labour-market organizations are involved in the implementation process as part of a new form of social partnership which bring together local authorities, business firms and trade unions in the implementation of the Law on Active Social Policy.

- A large consensus

In Denmark, flexicurity is based on a broad consensus in a number of areas in society, combining the interests of partners, government and citizens. As compared to other countries, the social partners in Denmark have reached a consensus in critical areas, to a higher extent being partners than parties. The partners communicate at all levels, centrally as well as decentrally. The so-called Danish "miracle" is the result of a pragmatic historic tripartite collaboration between employees, employers' organizations and government - all convinced that a fluid labour market and a healthy economy are the sine qua non of any advanced society. Denmark in fact has a pragmatic and effective 'trade union', playing a crucial role in the interpretation of collective agreements and in the distribution of benefits and training to job seekers.

- An overall strategy towards social inclusion

The Danish success, consisting in a strong decline of unemployment and a low inflation rate, can be explained partly by various schemes offering paid leave to pursue education, to take care of one's children, and partly by macroeconomic policies.

The Danish welfare model is based on the principle that all citizens shall be guaranteed certain fundamental rights in case they encounter social problems such as unemployment, sickness or dependency²³.

- Activation as social right and sanctionable obligation

Although the activation offer is both a social right and a sanctionable obligation, the Danish workfare strategy does not aim at repressing and punishing the unemployed, but rather at involving them in the planning of counselling, training and education activities that might empower them in a way which facilitates their re-entry into the normal labour market, or at least, facilitates an improvement in their quality of life.

- Active involvement of beneficiaries

The Law on Active Social Policy explicitly states that benefit claimants must be given the possibility to influence and take responsibility for the help which is given, and there should always be a choice between different activation offers. Thus there is little checking up on people's availability, mobility, and job-searching activities.

- The system facilitates the exploitation of state and private resources

The offensive Danish workfare strategy facilitates the exploitation of state resources (knowledge, personnel, funding, etc.), and provides an authoritative basis for the new emphasis on rights and obligations of all citizens. Likewise it facilitates the exploitation of the often detailed knowledge of the labour-market organizations with regard to local labour-market problems and their possible solutions; and, more generally, it maintains the labour-market organizations as responsible partners in the process of implementing the workfare policies²⁴.

²³ [Ministry of Social Affairs](#), *Social Policy in Denmark*

²⁴ Torfing, 1999

- The strategy prevented widespread marginalization and polarization and helped the majority of beneficiaries according to their specific needs

The literature points out that the obligation to activation and the reduction of the unemployment benefit period certainly undermines some existing rights of the citizens, but as a whole it describes the Danish workfare strategy as able to restore rather than to dissolve the universalist Danish welfare state, which has prevented widespread marginalization and polarization.

The offensive labour-market strategy is judged to be relatively successful by beneficiaries themselves. According to old studies by Langager (1997) cited by Torfing:

- The vast majority of the insured unemployed have an individual action plan, and 85 percent of these claim that they are satisfied with it and 90 percent claim that they want to be activated.
- Large majorities claim that activation has provided them with new qualifications and improved their self-confidence and job chances.
- Both job training and education have a positive effect on re-entry into the labour market; private job training has the largest positive effect. About half of those who have been activated claim that their qualifications, self-confidence and job chances have improved as a result of activation.
- The combination of high economic growth and active labour-market policies has benefited the unemployed tremendously. Unemployment is falling because fewer people become unemployed and because a growing number of people leave the dole queue – now close to 35% per year. In the last four years the proportion of those who are leaving unemployment for ordinary employment has gradually risen.

The fact that as many as 60% of those leaving unemployment get an ordinary job might be explained as resulting from the fact that their qualifications have been improved in and through activation.²⁵

- Local authority casework is a cornerstone of the strategy and it will be improved

Local authorities play key parts in designing the help offered to disadvantaged people and caseworkers are asked to be able to provide help in situations where problems are massive and complex.

Successful activities require that caseworkers be able to establish contact with disadvantaged people. For these reasons, the Government is launching projects aimed at training and moving casework closer to the citizens concerned. At the same time, local authority systems are going to be developed to be better prepared to create and maintain contact with the individual disadvantaged person.

- A sustainable high standard welfare system

Denmark has resumed the discussion of the welfare society. Not in order to weaken the welfare society but to discuss and possibly carry out initiatives which improve the sustainability of society in the long term, with more dependant elderly persons and fewer persons to finance this dependency. According to the Welfare Commission, its analyses show that a heavy increase in the effective labour supply (with the appropriate qualifications) or a comparatively marked increase in taxes is required to finance the welfare society in 2025.

²⁵ Torfing, 1999

5.4.2. The liberal model: The UK²⁶

The UK has been chosen as an example of the liberal model. The liberal model of social protection is characterized by very low allowances (subsistence level), mainly financed from taxes. This corresponds to the Beveridgian welfare state, where, theoretically, public policies are devoted only to correcting market failures. This model generates a dual system, where the middle and upper classes have access to private insurance, while public allowances are targeted at the poorest.

As we have seen in the previous chapters:

- The British Welfare State is based on flat rate social insurance benefits that are supposed to be supplemented by private provision. In this setting, means-tested benefits play a major role since large parts of the population have to rely on means-tested benefits to make ends meet. Means-tested transfers are closely integrated with the flat-rate social insurance and are based on strong entitlements, though with rather low benefits.
- Compared with European countries, the UK has a medium total expenditure but the second highest concerning the family. Moreover, the UK shows high poverty rates and low poverty reduction effectiveness of all social transfers and relatively higher effectiveness of means tested benefits.

In this chapter we focus on two points: the government's current programme to tackle poverty and social exclusion, and in particular the "Income Support"; elements from national evaluation on the functioning, outcomes and impact of the Income Support (IS) measure.

The design of the measure: Income support

The United Kingdom has a National Anti Poverty Plan called 'Opportunity for all' launched in 1999. The four key elements of the UK's strategy to alleviate poverty and social exclusion are: making work possible; providing financial security and inclusion, primarily through work that pays; breaking cycles of deprivation; and improving public services for all.

In this reference frame of strategies, the principal financial measures direct at reducing poverty are: income support; national minimum wage; Child tax credit and Working tax credit; Pension credit. We will concentrate on Income Support.

²⁶ The case study is mainly based on: Department for work and pensions (DWP): a) "Opportunity for all, Eighth Annual Report 2006", 2007a; b) "Evaluation of the Working Neighbourhoods Pilot: Final report 2007", 2007b; c) "The lone parent pilots after 12 to 24 months: an impact assessment of In-Work Credit, Work Search Premium, Extended Schools Childcare, Quarterly Work Focused Interviews and New Deal Plus for Lone Parents", 2007c; d) "Lone Parent Work Focused Interviews", 2007d; e) "Understanding the relationship between the barriers and triggers to claiming Pension Credit", 2006; f) "Jobseeker's Allowance", 2003; Jobcentre Plus "Annual report and account 2006-2007", 2007; National audit office (NAO) "Helping those in financial hardship" 2005; National audit office (NAO) "Tackling benefit fraud", 2003; National Centre for social research, "Older people and Income support", 1998; New policy institute (NPI) "Monitoring poverty and social exclusion 2006", 2006; New policy institute (NPI) "Tax Credits: policy issues for unison"; Barbier J.C. *Analyse comparative de l'activation de la protection sociale en France, Grande-Bretagne, Allemagne et Danemark*, 2006

The target of the measure

Income Support was introduced in 1988, and has been changed during the time. Currently, it provides financial help for people between 16 and 60 who are on a low income (below a set minimum level), who are not in full-time paid work (16 hours or more a week for the claimant, 24 hours or more for claimant's partner), who are not required to register as unemployed.

In particular Income Support is intended for people who cannot normally work (or who work less than 16 hours a week), and who are on a low income. For example:

- Are incapable of work due to illness or disability.
- Care for a sick or disabled person.
- Are lone parents responsible for a child under 16.

Income Support is part of a safety net which presents more specific measures for specific targets of beneficiaries:

Working age Income Support Incapacity Benefit Jobseeker's Allowance
Disabled people and carers Disability Living Allowance (adult) Disability Living Allowance (child) Attendance Allowance
Child maintenance Child maintenance
Pensions and retirement State Pension (UK) State Pension (overseas)

Source: Department for Work and Pensions

- Unemployed people who have to be available for and must be actively seeking work can receive the Jobseeker's Allowance.
- If in the household there are adults working at least 16 hours per week the measure for them is Working tax credit (WFTC).
- Income Support is not addressed to people aged 60 and over who may be able to claim for Pension credit.
- Income Support does not include child-related elements, as the support for children is provided by the Child tax credit (CTC).

Income Support helps persons in poverty in dealing with day-to-day living expenses. It is a benefit payment made up of three different parts: personal allowances, premiums and payments to cover housing costs. The level of personal allowance depends on age (16-17; 18-24; over 25), on specific characteristics of the composition of the family (couple, lone parents, dependent children) and on disability. Moreover, Income Support can be cumulated with other social security benefits such as housing benefit and Council tax benefit.

Personal allowances

Single people:

Aged 16-17	£35.65
or in specific circumstances	£46.85
Aged 18-24	£46.85
Aged 25 or over	£59.15

Couple:

Both aged 18 and over	£92.80
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Where one or both partners are aged under 18, their personal allowance will be calculated based on their specific circumstances.

Lone parents:

Aged 16-17	£35.65
or in specific circumstances	£46.85
Aged 18 and over	£59.15

Dependent children:

From birth to day before 20th birthday: £47.45

Main characteristics: active reintegration in the labour market

To avoid the risk of disincentives to work, most of the British measures aim at ‘making work pay’, and thus concentrate in developing the tax and benefit systems aiming to ensure that people are better off working and are not discouraged from increasing earnings.

For this reason, in calculating IS some earnings are disregarded (i.e. € 7.42 per week for single claimants, €15 per week for couples, €30 per week for lone parents, the sick and the disabled).

Moreover Income Support is paid to lone parents for two weeks and to recipients with mortgage interest for four weeks, after beginning work if they have moved off the benefit. Also the Housing Benefit and the Council Tax Benefit are extended for four weeks.

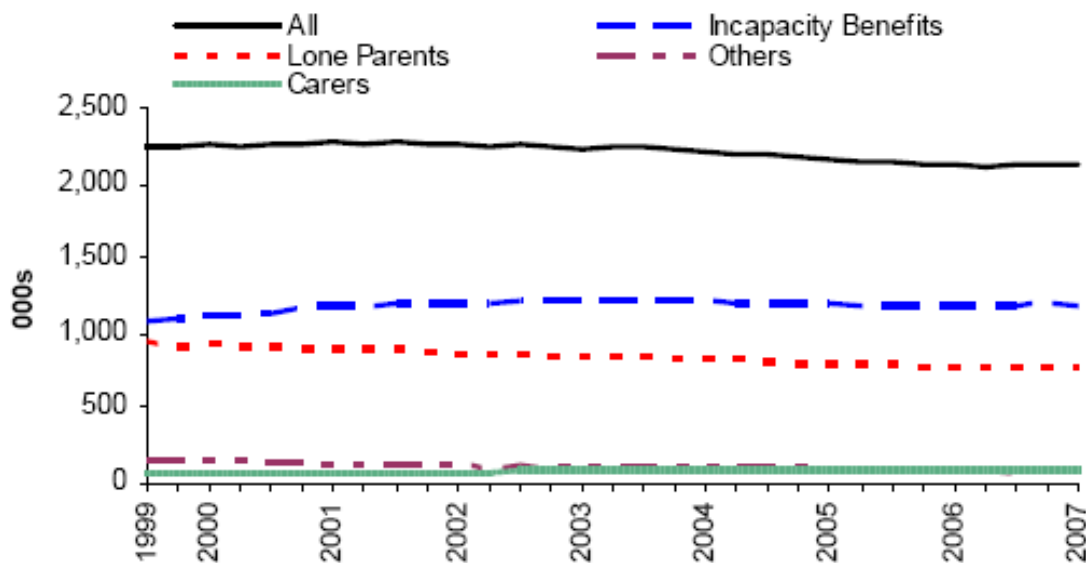
It is mandatory for Income Support recipients to attend a work-focused interview at the point of a claim, then at 6 months and 12 months into their claim, and annually thereafter.²⁷

Some figures

By February 2007, the total number of Income Support (IS) claimants was 2.12 million. Claimants of incapacity benefits represented 56% of the IS caseload (1.19 million). Lone Parents (all single claimants with dependants excluding claimants of incapacity benefits) represented 36% of the IS caseload (771 thousand), while Carers and Others represented 8% of the caseload (165 thousand). Pension Credit (PC) replaced minimum income Guarantee (MIG) in Income Support on 6 October 2003. MIG claimants have been excluded from data of the following table.

²⁷ This rule is not followed for lone parents with younger children, recipients who are sick or disabled, unable to work because are caring for someone, or registered blind.

Income Support by Statistical Group: August 1999 to February 2007



Source: national Statistics, *Dwp Quarterly Statistical Summary*, August 2007

Elements from national evaluations and literature on the functioning, outcomes and impact of the measure

The Department for work and pensions has been realising an evaluation of different aspects of Income Support since its introduction. Now the income support is designed as a last resort subsidy, but it was different in the past when income support was one generalised, all encompassing benefit.

In fact, in the recent past, particularly since 1997, there have been different policy changes directed at reducing poverty. The main changes have been the introduction of categorical assistance schemes and tax credits measures. These changes have led Income Support to be modified and, in part, it has been replaced by specific measures such as: Pension Credit, Jobseekers Allowance, Child Tax Credit and Working tax credit.

Main weaknesses

1. Income Support has been evaluated as not effective enough in the alleviation of poverty with regard to the elderly because of: a) resistance to claiming IS among pensioners, and b) in terms of providing extra financial assistance to help meet the living costs of the elderly.
2. Income Support is not effective enough to help lone parents: data show that the majority of working-age people claiming Income Support for five years or more are lone parents. The evaluation of lone parents Wfis evidenced that the programme works most effectively for lone parents who are closest to being job-ready and the target-driven delivery model of Jobcentre Plus appears to be accentuating this. On the other hand, lone parents Wfis appear to struggle to make significant headway against the decision of some lone parents to choose not to work (DWP, 2007c).
3. The level of the payment of the Income Support appears too low not only for pensioners but also for other categories.

4. The take-up rate of the measure could be increased. Different researches have identified two main types of barriers in claiming for Income Support, particularly among pensioners: an attitudinal component which can broadly be described as the 'stigma' dimension associated with claiming income-related benefits, and a 'process' dimension consisting of objections to (or negative perceptions of) various aspects of the claim process, for instance for bad past experiences with the social security system.
5. Despite the value of the measure, the evaluation evidenced that Income Support for certain targets of beneficiaries could represent a risk in terms of a disincentive to work.
6. Activation policy needs to be reinforced, above all at the local level. According to the DWP, attention should be given to demand-side measures when designing policy interventions; testing different ways of engaging non-traditional customer groups, particularly outreach methods, whilst recognising the time it takes to succeed with these customers; the critical role played by partners in programme strategy and delivery (DWP, 2007b).
7. Another issue concerns the outcome linked to the organization, and competencies of social workers, and the cooperation between different institutional levels. According to the DWP, local services for activation policies have to: allow sufficient time to bring about change; have the right management and staff teams in place to deliver the initiative; provide a full range of support measures for customers to address their barriers to work (DWP, 2007b).
8. Finally, the problem of fraudulently claimed benefits. The “monetary fraud indicator” audits the proportion of fraudulently claimed benefits. Latest published estimates show an achievement of fraud and error losses of no more than 4.7% in March 2006 and that the 1998 baseline of 10.4% has been more than halved.

Main strengths and solutions adopted to tackle weakness points

- Learning from evaluation results

Criticism on the weaknesses of previous measures lead to the formulation of new measures and specific attention to the implementation of the existing ones. In particular:

- Specific measures for older poor persons

According to New Public Institute (2006) the substantial and rapid fall in pensioner poverty is a good effect of the new measures that replaced Income support: Pensioner minimum income Guarantee in 1999, replaced by Pension Credit in 2003. The new measures offer a greater amount than the previous Income Support. The effectiveness of the new measure shows the importance of delivering big increases in benefits to those with the lowest incomes. Although pensioner poverty showed a substantial reduction in the last years (NPI, 2006), take-up of the new Pension Credit system continue to be an issue (Dwp, 2006).

- Crisis loan to support poor families

One-third of families on Income Support receive a Budgeting or Crisis Loan each year - the only interest free formal loan available, financed by the Social Fund (NOA, 2005).

- Low level of payment for working-age adults to avoid the “poverty trap”

Regarding the level of the Income Support’s value, it is possible to observe the variation of the measure over time for selected family types. In the last years the level of Income Support for both pensioners and families with two or more children has risen, relative to earnings. It is higher now than in the late 1990s. By contrast, the level for working-age adults without children is much lower (NPI, 2006). The choice is to maintain the level of payment low to avoid the “poverty trap”.

- Specific activation policy to avoid the “poverty trap”

To face the risk of the poverty trap, in 1996 Jobseeker’s Allowance (JSA) was introduced and replaced IS and Unemployment Benefit (UB) as the benefit for unemployed people seeking work. Research examining the effect of JSA has found that the new benefit has had a significant impact upon unemployed people. In fact, the number of people living in families receiving Income Support or income-based Jobseeker’s Allowance for two years or more peaked at around 2.29 million in early 1996. Since then, the number has fallen to 2.04 million in February 1997, and to around 1.77 million in 1999. Since the introduction of JSA unemployed people have begun looking for, and finding, work much more than they did before, and they have much clearer ideas concerning the rules and their responsibilities, probably as a result of the extra advice and assistance they receive from Jobcentre staff (DWP, 2003). Despite the success of the measures it is important to underline that the number of adult beneficiaries claiming IS or JSA for two years or more has been quite constant in the last eight years (1999-2006).

- Tax and benefit systems to avoid the “poverty trap” and to improve take up rate

The UK Government has introduced tax and benefit systems to ensure that people are better off working, such as disregarding part of earnings in IS. Moreover the Government seems to be planning to use tax credit (such as CTC and WFTC), rather than social security, because benefit for low-income workers improves the attractiveness of low-paid work compared with unemployment. These tax credits are supposed to be useful not only as incentives to work but also to improve take-up rates of entitlements and reduce stigma, by switching from a benefit to an entitlement to retain more of one’s earned income.

- Work focused interviews with lone parents to avoid the “poverty trap”

Work focused interviews (Wfis) were introduced and are now mandatory for all lone parents claiming Income Support and there is a requirement for those remaining on the benefit to attend review meetings at regular intervals. This measure was introduced to avoid the “poverty trap”. However, an evaluation focus on Work Focused Interviews suggests that the measure does not strongly help lone parents to chose the job instead of the IS (DWP, 2007d).

- The Working Neighbourhoods Pilot (WNP) for providing a better activation policy

The UK government has also conducted some pilot programs to implement IS in the way of providing a better activation policy. One important pilot program is “The Working Neighbourhoods Pilot” (WNP), a pilot introduced by the Department for Work and Pensions to test a new approach to offering intensive support to help people, claimants Income Support (and also Jobseeker’s Allowance and Incapacity Benefit), to gain work. The pilots have tested very local approaches to overcoming worklessness. The delivery organisations - Jobcentre Plus and EZ providers - worked within the framework of Local Strategic Partnerships to determine how best to overcome barriers to work, and move local people into jobs.

- The improvement of the Jobcentre

The Jobcentre Plus is the agency of the Department for Work and Pensions that deliver IS and JSA. It produces an annual report to evaluate the outcomes of the IS, such as the average clearance time and monetary fraud. The results of the last annual report show an improvement in the managing of the IS.

5.4.3. The continental model: Germany²⁸

The German system, traditionally dominated by social insurance, is a typical example of "The Bismarckian Model": Germany, unlike France also "bismarckian" but hybrid, is a pure type and certainly more "coherent" than the french system. Social insurance is the main pillar of the German social protection system, and covers all major social policy contingencies such as unemployment, illness, invalidity, occupational injuries, long-term care and old age, while family support is mainly provided through the tax system. Between the differences of the two cases we underline the following:

- Before the reform implemented on 1 January 2005, in Germany there were three different measures where, in France, there are a multiplicity. In particular as equivalent of the six French minima sociaux (SSA, AAH, RMI, RMA, AI, API) for people of working age, in 2004 in Germany there was only one measure, which ranged (weakly), in amount, depending on the municipalities, according to a national criterion.
- Another important difference between the French and the German social assistance is that the German one focuses on municipalities and charitable organizations: it is funded by local governments on the basis of a federal law. The main role of the State is funding the assistance to the uninsured.
- The German social assistance operates on the principle of "subsidiarity", ie it intervenes after all other subsistence means have been exhausted. It is universal and not, as in France, organized on the basis of Minima sociaux related to specific individual situations.²⁹

The new reforms, and in particular the so-called Hartz IV reform, changed deeply the German Bismarckian system. The link between the system of insurance and of assistance is the cornerstone of the contemporary reform amending the premise of Bismarckian system concerning social insurance, together with the implementation of the principle of the obligation to work.

The reforms in the German Labour Market and Social Assistance since 2001 have introduced a shift towards "activating" (rather than "active") labour market policy stressing the principle of mutual obligation (*Fördern und Fordern*). This process has been set in with the *Job-Aktiv Act*, followed by four "Acts for modern labour market services" (the Hartz I to IV acts), which have tried to implement the proposals of the Hartz-Commission set up by the federal government in 2002.

²⁸ Willem Adema, Donald Gray and Sigrun Kahl, OECD Labour Market And Social Policy Occasional Papers - Social Assistance In Germany, 2003; Burniaux J., Padrini F., Brandt, N, OECD Paper, Labour market performance, income inequality and poverty in OECD countries, 2006; Barbier JC, Analyse comparative de l'activation de la protection sociale en France, Grande-Bretagne, Allemagne et Danemark, 2006; Burda M., LA GERMANIA DELLE RIFORME INCOMPIUTE. La voce , 2007; OECD, Activation Strategies And Performance Of Employment Services In The Netherlands, Germany And The United Kingdom, 2006; <http://www.sozialhilfe24.de/>; www.destatis.de

²⁹ OECD, 2006

In particular in 2003 the right to social assistance has been profoundly reformed and integrated in the Code of Social Security, Book XII (SGB XII). Apart from a few exceptions, it has been implemented on 1 January 2005³⁰.

In particular the reforms introduce of a new form of "basic assistance" (*Grundsicherung*) for all employable persons of working age (from 16 to 65 years old). As long as they are able to work, all potential beneficiaries of assistance should be introduced to the labour market. Recipients of the old form of assistance are the children (because they have not attained the age of 15 years) or those who are unable to work three hours a day.

Due to the reform, the vast majority of former recipients of Alh and former recipients of Sozialhilfe, from 2005 have been considered "*erwerbsfähig*" (Workforce), which could be "activated" and examined to check their employability, and recorded in the account of the unemployed (*Arbeitslosen*).

In the past, Germany had two labour market activation and benefit streams, one administered by the PES (Public Employment service) for unemployment insurance and unemployment assistance recipients (UI and UA), and one administered by local authorities' social assistance offices (SA). As a result, responsibility for clientele with similar characteristics was divided up, resulting in an overly fragmented delivery system. The "Hartz IV" act brought together the services for UA and employable SA recipients (*i.e.* mainly the long-term unemployed), who now receive the same type of assistance (the so-called unemployment benefit II).

The modification of the protection system for people in working age (>15 <65)

Before 2005	Unemployment benefit		Social assistance benefit
	Unemployment insurance (<i>Arbeitslosengeld</i>) BAA	Unemployment assistance (<i>Arbeitslosenhilfe</i>) BAA	Social assistance (<i>Sozialhilfe</i>) on the basis of specific family needs Municipality
After 1 January 2005	Unemployment insurance (SGB III)	Social assistance for jobseekers (SGBII) and Social Aid (<i>Sozialhilfe</i> – SGB XII)	
	Unemployment insurance (<i>Arbeitslosengeld I – Alg I</i>) BAA	Every person able to work in the household must seek for a job (<i>Erwerbsfähige und Arbeitssuchende</i>)	Persons not able to work
		<i>Arbeitslosengeld II (AlgII)</i> (benefits on the basis of the family needs) (<i>Bedarfsgemeinschaft</i>) + Unterkunft + Heizung Health insurance and pension [<i>Grundsicherung</i>] ArGe + Municipality	<i>Sozialhilfe</i> Municipality
Notes : BAA = Bundesagentur für Arbeit ; ArGe = Arbeitsgemeinschaft; SGB = Sozialgesetzbuch; Unterkunft+ Heizung = housing and heating ©JCBarbier – CNRS Source of the table: Barbier J.C., <i>Analyse comparative de l'activation de la protection sociale en France, Grande-Bretagne, Allemagne et Danemark</i> , 2006			

³⁰ OECD, 2006

The design of the measure

Main characteristics: a last resort subsidy for the not employable and a strong emphasis on activation for all the employable

As we have seen in the previous table, *Sozialhilfe* has been reduced to be a last resort subsidy for people not able to work for illness or disability, with a permanent inability to work, pensioners with a minimum pension, children in state of need.

One of the aims of the reform concerning *Sozialhilfe* was to introduce the concept of activation in the labour market for the recipients of assistance in order to perceive the benefit as linked to a personal commitment towards activation either in special contracts with the municipalities or in employment programs.

The measure is guaranteed as long as the circumstances remain, but people who are 'employable' must be ready to accept any "appropriate" work. Age isn't a requirement so also minors can be beneficiaries, while after 65 years of age pension replaces social assistance.

As a rule, the level of allowance is linked to the level of social assistance starting from a standard basis. Financial incentives are provided for accepting or maintaining employment and consist in an improvement over the basic social assistance allowance. Moreover beneficiaries retain a larger proportion of net income than in case they don't work. The aim of the social assistance for jobseekers is to strengthen the individual responsibility of those in need of assistance and to contribute to their path towards autonomy in terms of being able to support themselves independently counting on one's own means.

Being a last resort subsidy it can be claimed after all other social benefits have been exhausted a part from specific benefits that are intended to face other needs: benefits concerning education of children, pension compensating victims of damages, compensation for moral damage, ect.

The target of the measure

With the consolidation of social assistance and unemployment assistance all employable persons and those requiring social assistance between the ages 15-65 now receive Unemployment Assistance (Alg II).

"Employable" is defined as a person not incapacitated due to illness or disability able to work at least three hours daily under the usual conditions of the general labour market. "Requiring social assistance" is defined as a person unable to cover needs from available means and not employable due to illness, disability, age.

To decide which of the three measures (unemployment assistance, Health insurance and pension, sozialhilfe) a person is entitled to, the working capacity is determinant. In particular it depends on:

- if the beneficiary is able to work for at least 3 hours a day
- if the beneficiary belongs to a household already entitled for unemployment assistance
- the age of the beneficiaries.

The benefit is calculated based on the characteristics of the household and of its specific needs. The standard payment rate structure includes the following elements:

- 1) Standard rate for the head of household (the applicant)
- 2) Standard rate for other adults in households
- 3) Standard rates for each child (depending on age)
- 4) Increased need allowance for claimants in specific situations
- 5) Cost of rent and heating
- 6) Additional payments.

The amount of the allowance is calculated according to the following scheme:

- a) Allowance for primary needs: it includes all that is not explicitly classified as ‘other needs’ For example, food, clothing, rent, electricity, water, gas (including hence heating costs), cost of repairs (eg refrigerators, dishwashers, bicycles), the cost of leisure activities such as movies, toys, hair salon / barber, expenses for medical visits or medicines, etc.)

Standard rate for the head of household (the applicant) or a person alone	€345 (West), €331 (East) *
Standard rate for other adults in households and for children Under 14 years old	60% of the standard rate €207 (West), €199 (Est)
After 14 years old	1'80% of the standard rate €276 (West), €265 (Est)
Source: http://www.sozialhilfe24.de/	

- b) Secondary needs

To primary needs other benefits can be added according to specific needs of particular targets of population:

- Old age, after the age of 65 - Persons not able to work under 65 years old with an invalidity certificate - Pregnant women afer 12a week	17 % of the rate for primary needs
- Lone parents with children One child under 7 years old or two or three children under 16	16 % of the rate for primary needs
For every child with different condition	16 % of the rate for primary needs with a maximum of 80%
- Disabled	35 % of the rate for primary needs
- subjects that require a costly feeding	Between 20 e 100 euro
Source: http://www.sozialhilfe24.de/	

c) Special needs

it includes particular expenses linked to special needs.

d) Housing costs

The benefits provided for housing, heating and other charges relating to housing are granted in addition to the standard rate on a monthly basis according to the effective expenditure.

e) Medical assistance and expenses for long term care according to the effective expenditure

From these expenses Income and property are deducted:

f) Calculation of Income: Income includes all those revenue of any kind

g) Calculation of property/estate: The applicant must take advantage of all his property before applying for social assistance.

The institutional level

Germany is a federal country where public responsibilities are divided among federal, state and local tiers of government. In fact, the German public administrative system has a multitude of regional government authorities. Apart from the federal authorities, there are 16 States (Länder), which are divided into 32 regional authorities (the so-called "Regierungsbezirke"), which encompass 440 cities (Städte) and rural districts (Landkreise), containing 14,197 communes in all. Responsibility for social assistance policy lies with (and varies across) Communes (municipalities) and rural districts. Every lander has specific rules. Municipalities are not only administrative entities: they also finance social assistance. Concerning Sozialhilfe and social assistance the institutional levels and the organisations involved are the Municipalities and the federal Jobcenter: ARGE.

Activation

The reform of the protection system was intended to activate all recipients of the assistance considering anyone in working age is deemed to work, since it is still capable at least three hours a day - criterion under which he would be eligible for a disability benefit.

Until 2003, contracts of ABM (temporary protected employment) were normal employment contracts according to the rules of collective agreements. The change brought about by the reform has introduced the need to create integration jobs towards the activation of the beneficiaries assisted. These jobs created by the reform Hartz (but already existing in a different form in the municipalities) were qualified immediately by the public opinion in terms of *Ein Euro Jobs* while their official name is either *Zusatzjobs* or *Arbeitsgelegenheiten*.

Zusatzjobs: it is a form of 'integration job' (or of public utility) which is not a salaried job (unlike french aid contract); these "jobs" are available in the voluntary sector (Catholic associations and Protestant *Arbeiterwohlfahrt*, Red Cross, etc.), Municipalities and allow a additional pay in terms of one to two euros per hour worked in relation to the allowance of Alg II. These jobs are intended for those beneficiaries of Alg II, which are likely to be activated but cannot find jobs by themselves in the regular market, or are not 'enough employable' to be eligible for traditional measures of employment policy.

Arbeitsgelegenheiten: it is the form of activation for the beneficiaries most hardly employable. Its aim is mainly to test the willingness to be activated of the beneficiaries. All these beneficiaries are asked to conclude an *Eingliederungsvereinbarung* (insertion contract).

For beneficiaries of Alg II, the acceptance of a job (*Zumutbarkeit*) has become, in theory, very pressing (in terms of acceptance of any job offered, including of course the *Zusatzjobs*); penalties may be imposed whether employable beneficiaries refuse employment proposals - except in very specific cases (illness, need to care for children), and where, of course, there are jobs to offer.

Some figures

Beneficiaries of social protection benefits – June 2007	
Beneficiaries of <i>Arbeitslosengeld I</i>	5.358.479 persons
Beneficiaries of <i>Arbeitslosengeld II</i>	977.757 persons
Sozialhilfe	1.980.271 persone
Total	8.316.507 persons
Total household beneficiaries	3.775.000
Source: www.destatis.de	

Elements from national evaluations and literature on the functioning, outcomes and impact of the measure

Main strengths and weaknesses

It is still far too early to make an assessment of the reforms and studies are beginning to be prepared. It is possible to analyse some more general issues that they pose.

Weaknesses and critical factors

- Problems in the implementation of the reform: as we have seen the “Hartz IV” act brought together the services for UA and employable SA recipients (*i.e.* mainly the long-term unemployed), who now receive the same type of assistance (the so-called unemployment benefit II). It was decided to create a new institutional infrastructure composed of previous entities (employment office and local authorities) *i.e.* “joint associations” or “consortia” (ARGE), using staff and funding from both administrative layers. Two very different administrative mentalities were merged. One open question relating to the governance structure of the new entities is the issue of unclear competencies among the two partners.

The Hartz Commission’s intention was to give the responsibility for all jobseekers to one institution; however, critics charge that instead of “one-stops”, highly complex and sometimes impracticable structures have been created.³¹

- The institutional level: Debates continue in Germany as to the most efficient administrative level for dealing with the long-term unemployed and hard-to-place. Critics of the new arrangements claim that these client categories are better served by the municipalities. Since the Hartz IV act allowed 69 local authorities to deviate (“opt-out”) from the ARGE model and manage employable social assistance (now UB II) recipients themselves, after some years a comparison of performance will be possible between these two alternative models of client administration and follow-up.³²

³¹ OECD 2006

³² OECD 2006

- An expensive system: Another concern is that the new UB II benefit which was supposed to increase incentives to work for the long-term unemployment by bringing the income replacement rates down from the previous unemployment assistance level, has in fact led to large cost overruns since eligibility rules were relaxed and more claimants than expected registered for the new benefit. Just before the reform (December 2004) beneficiaries of *Sozialhilfe* or of *Alh* were 3,92 million. In January 2005, after the reform, the number of Jobseekers (in the new meaning) augmented to 4,5 million, that is to say 580.000 more, and in the following semester it reached 5,06 million.
- A disincentive of entering in the regular job market: Concerning 'integration job' there is, in terms of the comparison between normal market wages for unskilled or part-time jobs and the amount of income derived from Alg II (added with the other social benefits), a potential problem of "disincentive" against the "normal" job. It is possible to note that these *zusatzjobs*, which compete with the ABM (which do not give any longer access to unemployment insurance) are of inferior quality, but they provide a considerable earning with a less demanding job than the ordinary one (hence the disincentive effects). It seems to be in the logic of a last resort employment implemented at local level.
- The composition of beneficiaries has changed: beneficiaries of Alg II are not the same beneficiaries of the old *Sozialhilfe* even if the two measures have been partially merged. Between the critics to the reform there is in particular one that underlines that the old beneficiaries of unemployment assistance were workers with low or obsolete qualifications and for this category the reform has been quite disadvantageous while on the contrary the old beneficiaries of *Sozialhilfe* with the reform have seen their rights being widened becoming, universal. For the long-term unemployed, the reform implies less generous benefits in terms of their level and the suitable job requirements attached to the new benefit.³³
- The decentralisation of the assistance: The decentralisation of the assistance is either a weak point and a strong point of the system: from the first point of view devolved policy set-up raises concerns about lack of economies of scale, mobility, the use of administrative resources and incentives for cost-efficiency. If administrative units are too small they will be unable to offer a full range of services; less likely to dedicate professional staff; and may be overly vulnerable to financial risks beyond their control (state transfers can be made available to municipalities with poor finances). Almost inevitably, rural districts face bigger challenges in service delivery than urban centres. The use of different tiers of government in the administration of the same programme is likely to involve more administrative costs than if only one level of government were involved. These costs may be outweighed by the benefits of reflecting local preferences in general policy (rather than just public assistance policies), but a streamlined allocation of responsibilities reduces potential excess use of administrative resources.³⁴

³³ OECD 2006

³⁴ OECD 2006

- Decentralisation, uneven offer of opportunities and mobility: Efficient allocation of resources requires that the welfare system should not influence too much where people live and work. On the one hand, this means that mobility of clients ought not to be hampered by (local) residency requirements. On the other hand, in order to avoid “excess” client mobility to areas with the highest payment rates and good and anonymous service delivery, which would undermine the long-run sustainability of the system, it is argued that a certain minimum standard in provision must be maintained across a country.

Strengths points

- A boost to the economy: thanks to the reforms introduced in the labour market after 10 years of crisis the german economy has recovered: in 2007 the growth will exceed 2,5% after the longest period of recession after the war. The main reason of the growth is the rapid fall of unemployment due to the recent reforms. Despite the success public opinion show a wide discontent and SPD is proposing to share the good results obtained augmenting unemployment benefits to the most disadvantaged.
- An important transition without strong shock for the beneficiaries: Even though a certain number of beneficiaries of ALH have lost their rights with the new measures, figures show that most of them haven't lost from the economic point of view.
- The advantages of decentralization of the assistance: As in other federal countries (OECD, 1999) and non-federal countries where the operation of social assistance has been devolved to local governments (OECD, 1998, and 1998a), design in the financing and operation of such programmes creates opportunities as well as challenges for how policy is implemented. Broadly speaking, a devolved structure allows some local discretion and facilitates policy competition and innovation. If preferences vary across a country, as they clearly seem to in Germany, then allowing sub-national political units to determine policy trade-offs will increase overall well-being. Furthermore, different institutions are able to experiment in how to provide better services at lower cost, in a way that monolithic bureaucracies find difficult.

5.4.4. The continental model: France³⁵

France belongs to the ‘continental’ social protection model. Insurance is conditional on work and the payment of social contributions (Bismarckian model). “The ‘continental’ countries include Germany, Austria, Belgium, Luxemburg and France, which manage to lower both the poverty rate and poverty intensity.

³⁵ The case study is mainly based on: Report by the National Observatory on Poverty and Social Exclusion 2005 2006; Ministère du travail, des relations sociales et de la solidarité, Politiques d’insertion et lutte contre les exclusions, <http://www.social.gouv.fr>; Burgi N. “Revenu minimum d’insertion, du droit acquis à l’aumône accordée », Le Monde diplomatique, October 2006 ; Granier P., Joutard X., L’influence de la perception du RMI sur la sortie vers l’emploi, 2002 ; Horowitzky P., Julienne K., Lelievre M., ‘Une panorama des minima sociaux en Europe’ Etudes et resultats, 2006 ; Sautory O., Avenel M., ‘Les politiques d’insertion des conseils généraux en direction des bénéficiaires du RMI’, Etudes et resultats, 2007 ; Barbier J.C., Analyse comparative de l’activation de la protection sociale en France, Grande-Bretagne, Allemagne et Danemark, 2006

In these countries, the decrease in poverty is based on social protection schemes and non-contributory benefits. Among these, allowances concerning families and housing play a major role; minimum social benefits round out the social protection schemes by forming a de facto, last-resort safety net for individuals who remain inadequately covered or lack any coverage at all. In these countries the number of minimum social benefit measures is high: it ranges from two in Luxembourg to nine in France. These countries have introduced a national minimum revenue measure for individuals without any resources (in 1961 in Germany, 1974 in Belgium, 1986 in Luxembourg and 1988 in France). Three countries have established an allowance to assist unemployed individuals who have exhausted their entitlement to unemployment insurance (France, Germany, Austria); three have a specific allowance for the elderly (France, Germany, Belgium); and four have introduced a replacement income for disabled adults (France, Belgium, Luxembourg, Germany). Finally, other categories of beneficiaries are entitled to receive a specific minimum benefit in France (Invalidity Allowance, Single-Parent Allowance, Integration Allowance) and in Germany (allowance for asylum-seekers since 1993).³⁶

Despite the overall stability of the poverty rate in France, the country has faced in the last years a change in the nature and causes of poverty, which has become increasingly related to unemployment. Growing unemployment created a form of dualism for this type of model: namely, those with a job and stable career, and others with only irregular work. The state was obliged to introduce new social policies, designed on a non-contributory basis and state-financed, to cover these categories. The most important measure was the creation in 1988 of the minimum income: *Revenu Minimum d'Insertion (RMI)*. RMI is the main instrument in the fight against poverty, as it combines a universal monetary allowance with the idea of social integration. It concerns all people whose resources are below a level of income which varies according to the size of the family. It is a national system enabling access to a whole series of fundamental rights and includes an innovative approach to integration.

The design of the measure

Since 2002, strong efforts have been made to strengthen inclusion policies in the direction of those who are most marginalised and at risk of social exclusion. The social cohesion plan adopted in 2004 broke with the previous approach characterised by fragmentation and compartmentalization. Today's actions are articulated by acting simultaneously on three pillars: employment, housing and equal opportunities.

A wide range of measures (*Minima Sociaux*) are activated to prevent and combat exclusion, according to the specific needs of each individual: support for job seekers and the return to active life, social and work integration for young people, development of supply social housing and shelters, access to the rights of health and education.

The target of the measure

Minima sociaux are non-contributory welfare benefits, accessible without consideration of the contribution paid by the beneficiary. *Minima sociaux* provide minimal resources to people in a precarious situation. RMI ensures that any person aged 25 years (or less if they have dependent children) a minimum income. It is used to combat generic forms of exclusion. Other allocations are aimed at specific targets facing specific risks of great poverty: the long lasting unemployed, lone parents, people with disabilities, the elderly...

³⁶ As well described in *Report by the National Observatory on Poverty and Social Exclusion 2005-2006 (France)*

In France there are 9 types of Minima sociaux:

Table 2

Minimum social benefits, eligibility conditions, scales and number of recipients

	Eligibility conditions	Monthly scale on 1 January 2005	Number of recipients 31 December 2004 (in thousands)
Guaranteed Minimum Income (RMI)	Created in 1988. For people aged 25 or over. The age condition is not required for those with at least one child or expecting a child. Allowance for which the sum granted is differential-difference between the guaranteed threshold and the amount of resources of recipient household taken into account in the calculation ("resource" basis).	Resource threshold and guaranteed allowance : Single 0 child : 425,40 € Single 1 child : 553,02 € Single 2 children : 680,64 € Couple 0 child : 638,10 € Couple 1 child : 765,72 € Couple 2 children : 893,34 € +170,16 € per additional child (after the 3rd).	Metropolitan France : 1 083,9 Overseas départements : 154,6
Single Parent Allowance (API)	Created in 1978. For people raising dependent child(ren) alone. Includes pregnant women; attributed until the 3 rd birthday of the youngest child or for a one-year period following the advent of single parenthood.	Resource threshold and guaranteed allowance : Pregnant woman : 542,06 € Single 1 child : 722,75 € + 180,69 € per additional child.	Metropolitan France : 175,6 Overseas départements : 21,0
Old-Age Supplementarily Allowance (ASV)	Created in 1956. Aims to raise the income of those 65 and older to the minimum old-age sum (60 years in case of inability to work); this applies to those who have one or several basic allowances attributed by obligatory old-age schemes or the special benefit provided by the Special Old-Age Allowance Service (SASV).	Resource threshold : Single individual : 613,99 € Couple : 1 075,42 €. Guaranteed allowance : Single individual : 599,49 € Couple : 1 075,35 €.	Metropolitan France : 547,5 Overseas départements : 86,0
Specific Solidarity Allowance (ASS)	Created in 1984 for unemployed people whose eligibility for unemployment benefits had run out, having at least five years' salaried employment over the ten years preceding the end of the contract that gave access to unemployment insurance.	Resource threshold : Single individual : 960 € Couple : 1 540 € Within the limit of these resource thresholds, the allowance granted is 425,83 € at the normal rate (under age 55) 611,38 € at increased rate (over age 55)	Metropolitan France : 344,1 Overseas départements : 23,9
Allowance Equivalent to a Substitution Pension (AER)	Created in 2002 for unemployed people who have contributed to the pension scheme for a total of 160 quarters and who are not yet 60 years old. The replacement AER takes the place of the Specific Solidarity Allowance, the Specific Waiting Allowance and the Guaranteed Minimum Income.	Resource threshold : Single individual : 1 451,04 € Couple : 2 085,87 € Within the limit of these thresholds, the allowance granted is 919,50 €.	Metropolitan France : 32,7 Overseas départements : 0,1

Table 2

Minimum social benefits, eligibility conditions, scales and number of recipients (cont.)

	Eligibility conditions	Monthly scale on 1 January 2005	Number of recipients 31 December 2004 (in thousands)
Widowhood Allowance	Created in 1980 to guarantee minimum resources to the surviving spouse when the deceased spouse was a social insurance recipient ; younger than age 55 and having raised a child for nine years prior to his sixteenth birthday, or raising a child when widowed. This measure is being gradually replaced by the reversion pensions, and will be phased out in 2011.	Resource threshold : 862,30 € Guaranteed allowance : 529,84 € the first and second year.	Metropolitan France : 11,3 Overseas départements : 0,3
Supplementary Invalidity Allowance	Created in 1957, this concerns people 60 years and older with a disability pension provided by the social security system due to a permanent disability.	Same amounts as the Supplementary Old-Age Allowance.	Metropolitan France : 111,5 Overseas départements : -
Integration Allowance (AI)	Created in 1984, this maximum one-year allowance has been reserved to specific categories of the population since 1992 (released offenders, those with work-related disabilities, expatriate wage-earners unaffiliated with unemployment insurance schemes, refugees and asylum-seekers in France). The amount of the allowance is the difference between the income ceiling and the income of the requesting individual.	Resource threshold (including allowance) : Single individual: 887,40 € Couple : 1 774,80 € Within the limits of these resource thresholds, the allowance granted is 299,91 € monthly, if the resources are equal to or less than 587,49 € for a single individual or 1 474,89 € for a couple.	Metropolitan France : 47,2 Overseas départements : 0,7
Allowance for Disabled Adults (AAH)	Created in 1975 for disabled people with no resources who can prove they are incapacitated by 80 % or by 50 % if the incapacity is recognised by the COTOREP (Technical Committee of Orientation and Vocational Placement), 20 years of age or older (16 years for children not calculated as granting rights to family allowances).	Resource threshold : Single : 591,90 € per month Couple : 1 183,79 € per month + 295,95 € per dependent child. Guaranteed monthly amount : 599,49 € AAH complement : 95,92 € (granted under certain conditions).	Metropolitan France : 780,1 Overseas départements : 26,0

Sources : CNAF, MSA, UNEDIC, CNAMTS, CNAV.

Source of the table: “*Report by the National Observatory on Poverty and Social Exclusion 2005 2006*”

The RMI groups together very poor people who are not “protected” against lack of resources by any other system or any other social welfare benefits. The RMI provides everybody with the minimum resources necessary to meet essential needs and guarantees that the income of a household will not be lower than the minimum amount, which varies according to the number of people in the household and the number of dependents.

Main characteristics: active reintegration in the labour market and social support for the most deprived

RMI is paid to any person who fulfills the following conditions: being a resident in France, being at least 25 years old (or under age 25 for pregnant women and people caring for one or more children); having a wage or disposing of resources below the amount of RMI, accepting the integration contract (*contrat d'insertion*).

These conditions also apply for European citizens or of States belonging to the European Economic Area. These citizens are not obliged to hold a residence permit to claim RMI but they must meet the requirements to qualify for a right to stay.

The amount of RMI is determined in accordance with the resources of the applicant but also by their spouse or partner and dependents. These resources can be of several kinds: 1. Daily allowances in cash from Social Security due to illness or accident at work; 2. Unemployment benefits; 3. Pensions, revenues and annuities; 4. Family benefits; 5. Allowance for disabled adults; 6. Income from movable and immovable property and capital; 7. Income from activities or probation.

The amount received is the difference between the amount of RMI and monthly personal resources. Maximum amount of the RMI dated 1 January 2007:

Amount of RMI per household, Scale from January 2007 (+1,8 %)

AFTER REDUCTION FOR housing	package		WITHOUT REDUCTION	
	Lone	Couples	Lone	Couples
	Euros	Euros	Euros	Euros
Without children	387.96	555.48	440.86	661.29
One child	555.48	662.61	661.29	793.55
Two children	662.61	794.87	793.55	925.81
Three children	838.95	971.21	969.89	1,102.15
Four children	1,015.29	1,147.55	1,146.23	1,278.49
Five children	1,191.63	1,323.89	1,322.57	1,454.83
Every additional child	176.34	176.34	176.34	176.34

Source of the table : “Report by the National Observatory on Poverty and Social Exclusion 2005 2006”

The calculation of resources is reviewed periodically (quarterly) to determine the amount. Except in the case of professional activity, as soon as the resources of the recipient exceed the amount of RMI, the payment is interrupted on the first day of the following month. The allocation may also be suspended if the recipient does not fulfil the integration contract signed.

Payment of RMI gives the right to social security (CMU and CMU-C) and the allocation of social housing. It also allows for the tax exemption concerning Housing.

Anyone who has made a request of the RMI must sign an integration contract. It is a mutual commitment between the beneficiary and the chairman of the General Council. The proposed integration is customized for each person, and may include:

- actions related to daily life (improvement of the management of personal budget, health care, housing ...)
- training (vocational guidance, actions of integration and training ...)
- re-entry in professional life with a suited activity (contract of return to work, activity of general interest ...).

The insertion contract is prepared within three months of the first allowance payment. The person or organization in charge of the program follows its implementation and assists the beneficiary.

Some figures

At the end of 2005 there were 3.5 millions Minima Sociaux beneficiaries with rise of 2.6 % on the previous year. In Metropolitan France 6 out of the 9 minima have increased. In particular the number of RMI beneficiaries continued to increase due to the effect of the augmentation of the number of unemployed not covered by specific benefits.

RMI beneficiaries according to family condition

	France métropolitaine		Dom ³⁷	
	1996	2006	1996	2006
Couples	172,927	188,182	23,355	29,860
Lone parents	186,706	269,215	29,304	53,327
Single	522,414	643,975	54,009	70,990
TOTAL	882,047	1,101,372	106,668	154,177

Source of the table : “*Report by the National Observatory on Poverty and Social Exclusion 2005 2006*”

The increase in the number of individuals receiving Minima Sociaux benefits is due primarily to the rise in the number of social minima beneficiaries of working age, who generally receive the RMI, as well as the API and the AAH. This rise in the number of situations in which individuals of working age are not able to earn sufficient wages is linked to a sharp decline in the job market over this period.

³⁷ Dom: «Département et région d'outre-mer»

Elements from national evaluations on the functioning, outcomes and impact of the measure

Main weaknesses

- The poverty/inactivity trap and work disincentive

RMI appears to many as work disincentive but policies aimed at reducing this problem may present risks:

- Some experts evidence that directing integration policies towards the issue of the inactivity traps notably during periods of low growth and high employment, does not seem to be in line with the objectives of reducing poverty: the growing erosion of replacement and transfer income with respect to work income, regardless of whether this involves social minima or unemployment compensation systems, leads to increased poverty and “holes” in the transfer systems.
- At the same time, measures that provide incentives to regaining employment can have perverse effects, notably by motivating individuals to resume poor-quality jobs and/or low-paying jobs, which could lead to a rise in the number of working poor.
- For several years now, employment policies have revolved around two major axes: a reduction in labour costs through exoneration of social charges paid for low-wage earners, and a series of reforms which aim to provide financial incentives for returning to employment.

These two orientations, coupled with a decrease in subsidised contract schemes, can have a negative impact on individuals experiencing the greatest hardships if the main aim is the reduction of the expense of poverty underestimating the complexity of transitions back and forth from unemployment to employment. Employment policies need to assist those with the greatest difficulty in surmounting the many obstacles which are not financial in nature to regaining employment.

- RMI induces the rise of low paid low skilled workers

The RMI integration policy include specific forms of direct or indirect subsidies to companies and the discipline of minimal financial cost for the public administration: this choice encourages the development of low wages and pushes ever larger portions of the population to poverty thresholds located between RMI and Minimum wage.

A side-effect of labour market policies promoting part-time contracts with monthly wages below the minimum wage level is the risk of generating a new ‘working poor’ group.

- The modification of eligibility conditions for unemployment compensation led many unemployed to become RMI beneficiaries

In late 2002 a reform of the unemployment insurance scheme created stiffer conditions for eligibility for unemployment insurance and shortened the period of compensation for various measures. This reform arrived in a negative trend period for the economic climate and these two situations impacted on RMI. In 2004, the number of job-seekers not receiving compensation rose by 9%, and the coverage rate per compensation fell by more than two points. In 2005, the number of job-seekers not receiving compensation continued to increase, which may explain the ongoing rise in the number of RMI recipients, despite an improved job market.

- The reduction of subsidised employment in non-market sectors had a negative impact for those most in difficulty

Subsidised contracts do not always allow for a rapid long-term reintegration into the labour market, although they frequently improve to a slight degree living conditions for the most disadvantaged sectors. Subsidised contracts often result in an improved financial situation and living conditions for recipients. Evaluations demonstrate that in 75 % of cases, the household's standard of living three years after exiting the scheme is higher than that observed prior to entering the scheme, although individual situations vary. The majority of beneficiaries estimate that the measure has helped improve their financial situation. The continued decrease in 2003 and 2004 in the number of individuals entering targeted employment policy measures (subsidised contracts, training programmes, non-activity schemes) has restricted possibilities of accessing employment for the most disadvantaged, within an overall economic climate in which a deteriorating labour market offers them few other employment options. In late 2004, 335,000 fewer people were covered by an employment policy measure than in 2002. This decrease primarily concerned subsidised contract beneficiaries within the non-market sector, whose numbers dropped by nearly 200,000 from 2002 to 2004.

These measures, which aim to stimulate demand for low-skilled labour in the market sector, cannot however constitute the sole response to the specific problems of integrating the most disadvantaged sectors. The accumulation of obstacles which these sectors face in regaining employment calls for the establishment of personalised assistance in finding long-term employment.

From this perspective, the January 2005 Law on social cohesion marked a significant change in direction. By radically reshaping all targeted schemes and slowing down the redeployment of government interventions in the market sector, it was to increase access of social minima recipients to subsidised employment.

- Insufficient coverage of the measure due to the process of decentralisation

Over the past 20 years, social policies in France have been increasingly **decentralised**. This decision has been based on the basic principle that transfer measures - social assistance, integration measures and, since 2003, benefits such as the RMI - are more effective when they are managed at a local level. In terms of poverty, this principle is based on at least three factors:

- the fact that local situations vary widely (according to differentiation)
- the need for additional information provided by a comparison of local experiences (according to experimental practice)
- the sense that local participative action is superior to measures "imported" from a national level (according to participative practice).

"The law of decentralization of minimum income has forced the department to fund the measure even though they do not have the resources to cope with this new requirement. This leaves to local administrations only two opportunities equally penalizing the beneficiaries: to raise taxes or to restrict the application of Rmi reducing the number of claimants".³⁸

³⁸ Burgi, 2006

- Problems in the implementation of the measure

Social and work integration is at the basis of the measure and the willingness to accept to participate in programmes a prerequisite of access to economic support. One important problem encountered is that quality and outcomes of integration programmes are widely dependent on the adequacy of the socio-economic context. In these cases integration programmes risk leading beneficiaries towards futile working and training projects.

“Another problem, present in particular in specific contexts concerns social workers who have been charged to manage the integration programs searching for satisfactory solutions for the beneficiaries even though often lacking of appropriate tools. The administrative logic put social workers in a situation of tension between the aims pursued and the means to achieve them: they have to invent various strategies to circumvent consistent problems such as lack of work or lack of home.”³⁹ Since 2003 this role has been assumed by the ‘referent’ who is charged to coordinate the different parts of the programme (economic and social aspects, education and health problems).

Main strengths and solutions adopted to tackle weakness points

The importance given recently to the ‘trap’ problem, as well as the new welfare-to-work approach, represents a major change in the employment and labour market policy regime.

New policies at the end of the 1990s followed goals that strongly resembled those in the UK aimed at enhancing financial incentives to work: a) First, incentive problems related to the minimum income were tackled (for instance housing benefit reform), b) a negative income tax was introduced; c) More recently (in 2003), the minimum income system was reformed in order to introduce a new welfare-to-work scheme: the Revenu Minimum d’Activité (RMA) introducing 1) a selection process among minimum-wage beneficiaries, so as to identify those able to work; 2) provision of a subsidy for employers who hired people who had been minimum-income beneficiaries for at least two years.

- Against Poverty Trap: Recent trends of employment and integration policies towards the reinforcement of financial incentives to work

New employment policies are moving towards:

- lowering labour costs instead of targeted instruments for regaining employment for the most disadvantaged
- emphasising financial incentives to work.

This emphasis on the need to “make work pay” finds its origin in a series of OECD recommendations dating from the mid-1980s, which were proposed again in 2003 as an element of the major objectives of European employment strategy. It is based on the premise that the absence of sufficient financial gain to regaining employment limits the desire to regain employment, by creating “inactivity traps” for social minima recipients or “unemployment traps” for unemployed individuals receiving compensation.

³⁹ Burgi, 2006

This premise moulded several socio-fiscal system reforms since the late 1990s which aimed to boost the financial attraction of low-paying jobs:

- modification of the profit sharing system (1998),
- modification in calculating resident's tax and its exemption scheme (2000),
- creation of a uniform system for housing assistance scales in the rental sector,
- easing transitions for RMI recipients regaining employment (2001-2002),
- extension of the possibility to temporarily couple employment income and income from social minima.

These reforms were later pursued as part of the fiscal income reforms, with a decrease in taxability of income tax, and the creation and extension of employee bonuses. An analysis of the impact of these reforms highlights the tension that exists between objectives fostering incentive and redistribution: although they resulted in an increase in standard of living for individuals across the spectrum of standard of living levels, these increases are unevenly distributed throughout the population, notably due to the taxable income reform, which primarily benefited the wealthiest.

Following this series of reforms to boost financial incentives to regaining employment, an analysis of the various profiles found led to the conclusion that “non-employment traps” had virtually disappeared. The various estimates carried out by the social security department for the “Families, Vulnerability, Poverty” commission found that, for nearly all of the configurations studied, regaining employment led to monetary profits.

- Employment and integration policies need to encompass more than just greater financial incentive to work

The important role granted to the “non-employment traps” and more broadly the priority given to financial incentives in measures aiming to improve integration of the most disadvantaged individuals was part of the emergency employment plan announced in 2005. The text, currently being discussed in Parliament, aims above all to “move out of the assistance schemes all recipients of the RMI (Guaranteed Minimum income, Revenu Minimum d’Insertion), ASS (Specific Solidarity Allowance, Allocation de Solidarité Spécifique) and API (Single Parent Allowance, Allocation de Parent Isolé) by fostering the regaining of employment for periods of time sufficient to ensuring financial autonomy of these wage-earners and their families”.

To achieve this, they established a bonus system for recipients of the three schemes, based on the payment of lump-sum bonuses: all RMI, ASS and API recipients starting or regaining employment for over 78 hours a month would receive:

- for the first three months, his or her allowance and his or her salary
- for the next nine months, a monthly bonus of 150 EUR (with an additional bonus of 75 EUR a month for families)
- a bonus of 1 000 euros during the fourth month following the onset of employment
- a monthly employment bonus and an average sum of 66 EUR.

The data and their evaluations put in evidence that not for all the targets is the existence of financial profits in regaining employment a determining factor of social minima recipient behaviour.

It appears that the obstacles to regaining employment for the most disadvantaged individuals are caused by multiple factors and are much more complex than the sole financial issues, which justify integration and employment policies revolving around assistance to individuals facing a series of hardships.

- the role played by non-financial factors

In particular a recent study highlights the role played by non-financial factors (age, family situation, housing constraints) in decisions related to regaining employment.

- a) The conditions for regaining employment for social minima recipients and employment-seekers remain largely conditioned by available employment offers.
- b) The origin of the difficulties in regaining employment for social minima recipients seems to lie primarily not in the existence of “traps” but in the insufficient demand for work during periods of unfavourable economic climate, during which they are the hardest hit by the lack of low-skill employment options.
- c) The studies carried out on professional pathways of social minima recipients stress in particular the obstacles linked to age, low level of skills and training, illiteracy and costs related to employment-seeking (notably for transportation), as well as health problems and difficulties in reconciling family life and professional life. For example the higher proportion of women from precarious and low-skilled households renouncing jobs can in part be explained by difficulties in accessing childcare to reconcile family life and work.

These factors therefore highlight the existence of non-financial obstacles to employment re-entry, and the necessity for employment and integration policies to incorporate multiple factors. Family policies thus are a determining factor in the employment of the most impoverished: from this perspective, the measure provided for in article 6 of the legislative proposal related to regaining employment, which gives priority access for RMI, API and ASS recipients with employment to childcare establishments and services (when they are alone or have a partner working as well), marks a positive step in the right direction.

Professional integration of disadvantaged individuals seems to depend therefore on the availability of measures providing personalised assistance recognising the particular hardships of each individual, and the setting up of monitored pathways to integration, of which long-term employment is sometimes only the end result, once obstacles related to family situation, health problems and difficulties accessing training and transportation have been taken into consideration.

The various subsidised employment measures - on condition that they are in line with this reasoning on long-term integration - are key tools for regaining employment and for the fight against poverty.

- Data confirm that social transfers reduce poverty in particular for specific targets

The redistribution system is geared more towards single-parent and large families, and contributes greatly to reducing situations of poverty for these types of households. Yet, it does so in different ways depending on the employment situation of these households. An analysis of evolutions in poverty depending on the type of household reveals in fact a significant improvement in the situation of households with children, notably since 2000. The readjustment of the monthly basis of family allowances through 2002 certainly contributed to the drop in the poverty rate among families with children, notably those living with both parents.

From 1996 to 2002, the most spectacular evolution has been the fall in the poverty rate among families with three or more children. For other categories, on the contrary, the risk of poverty has even increased. As opposed to families, the situation of single individuals has been worsening since 1996. The situation of single-parent families remains particularly troubling, with poverty rates nearly double that of the overall population but their situation improved from 1996 to 2002. These families, however, are a particularly diverse group, notably in terms of their job situations.

5.4.5. The Mediterranean Model: Italy⁴⁰

Italy belongs to the southern European model of welfare, characterized by the marginal role of social policies towards poverty and social exclusion, minimum income programmes, and the strong role attributed to family networks as the main network supporting individuals in a state of need. Although in the last years some new policies have been introduced to tackle poverty, the social safety net in southern Europe is frail in terms of its institutional design as well as political support and legitimacy (Ferrera, 2005).

Concerning the specific situation of Italy, as we have seen in the previous chapters:

1. The Italian welfare state does not have a national minimum income scheme, even though an experiment involving a number of regions is still in progress. Most of the Italian economic subsidies are categorical, mainly addressed to insiders, and are merely economic transfers. There is no non-contributory unemployment scheme. So, the population in need, receiving low or no coverage, has to rely on informal support given by families or on charity given by philanthropic institutions.
2. Compared to European countries, Italy shows very high poverty rates associated with a medium total expenditure, not effective in reducing poverty, as it is concentrated in old age and invalidity pensions; for all the other categories Italy presents a low level of social expenditure. In particular housing and social exclusion expenditure is the lowest in Europe.

Even if in Italy a national income scheme does not exist, it is interesting to analyse the model as a four year national experiment of implementation (in a limited number of municipalities) has been experienced, which produced a national evaluation of its outcomes and effects.

The design of the measure: the ‘Reddito minimo di inserimento’

Minimum income in Italy has been introduced at national level in 1999 in an experimental form and it has been experimented between 1999 and 2004, in a limited area of the country: 39 and then 305 municipalities, with a wide overrepresentation of the South of Italy, and only few marginal Municipalities involved in the North. At the end of the national experimentation, in 2004 the Government envisaged a new minimum income support scheme, named ‘reddito di ultima istanza’, but in the end it did not finance it.

⁴⁰ The case study is mainly based on: Ferrera M., *Welfare State Reform in Southern Europe. Fighting Poverty and Social Exclusion in Greece, Italy, Spain and Portugal* Routledge - EUI Studies in the Political Economy of the Welfare State, 2005 ; Tosi Antonio, *Policy Report 2006: Italy*, FEANTSA; IRS, Cles, Censis, Fondazione Labos, *Valutazione della seconda sperimentazione dell'istituto del reddito minimo di inserimento, 2004*; Ministro della Solidarietà Sociale, *Relazione al Parlamento - Attuazione della sperimentazione del Reddito Minimo di Inserimento e risultati conseguiti*, June 2007; Ministero del Lavoro e delle Politiche Sociali, *Comunicazione della Commissione Europea concernente una consultazione su un'azione da realizzare a livello comunitario per promuovere il coinvolgimento attivo delle persone più lontane dal mercato del lavoro*, April 2006

In 2001, after a change in the national Constitution, all the legislative power in social policies has been devolved to regions leaving to the National Parliament only the definition of national minimum standards of quality and availability of social assistance.

After this modification some Regions, mainly in the Southern part of Italy, have introduced different measures inspired by the national experiment of RMI, always in an experimental way.

In this chapter we focus on the design of the minimum income in the Italian national experiment and the evaluation of its results.

The target of the measure

The potential beneficiaries of RMI were the families (not the individuals) below an income threshold, common all over the country articulated through an equivalence scale considering the composition of the family and giving priority of access to the measure to the presence of children or members with disability.

Economic poverty was the only criteria used to evaluate the access to the measure, this means that it was addressed either to people with or without the potentiality of being activated:

- 72% were unemployed, 20.3% workers, 7.3% pensioners.
- Families with or without children, old people, single, old people living alone.
- Immigrants, disabled, ex-addicts, persons with mental illnesses or chronic illnesses.

Main characteristics: a mere economic support with a minor integration attempt

The RMI was a measure intended to integrate economic support to the implementation of integration programmes aimed at improving and promoting personal abilities and rebuilding social networks. The management of these programs was devolved to the local social services. They were asked to:

- Evaluate the personal and family characteristics of beneficiaries to formulate personalised integration programmes.
- Create a network of local actors for implementing insertion programs.
- Implement the programs which could concern several activities, for instance: occupational training for young or long-term unemployed; completing compulsory schooling for minors; socially useful activities for public administration; other activities intended to favour at least the social inclusion of the beneficiaries; lastly and to a lesser extent, job insertion.

Participation in social and occupational programs was intended to be compulsory but in reality in many Municipalities the difficulties encountered in formulating and implementing them reduced participation to a simple ‘formality’.

The amount of the allowance due to the beneficiary was calculated in terms of the difference between the threshold (articulated through the equivalence scale already presented) and the monthly income of the family. To avoid the risk of poverty trap (RMI being a possible disincentive to work), the national design of the measure disregarded from the calculation some earnings such as 25% of the income from work.

In any case the level of integration was quite low:

Family Composition	Equivalence scale	Level of monthly income integration			
		1998	1999	2000	2001
1		€ 258.20	€ 263.40	€ 268.60	€273.69
2	1.57	€ 405.40	€ 413.50	€ 421.60	€429.72
3	2.04	€ 526.80	€ 537.30	€ 547.90	€558.41
4	2.46	€ 635.20	€ 647.90	€ 660.70	€673.31
5	2.85	€ 736.00	€750.70	€ 765.40	€780.16
6	3.2	€ 826.30	€ 84290	€ 859.40	€875.88

Some figures

During the period 2000-2003, 74,502 families claimed RMI, 44,765 of which were accepted, equal to 60% of the applications. The number of RMI's beneficiaries represented 1.7% of Italian families below the standard threshold of poverty. The local incidence of beneficiaries among the population varied largely due to the discretionary approach left to local governments in determining the access to the measure.

During the experimentation 28,000 people had taken part in social integration programmes: this happened in particular in the North of Italy, as in the South the local government was generally less well equipped and ready to prepare integration programmes. The most common integration programmes realised were: 43% socially useful activities such as gardening in public spaces, assistance in office work at local councils; 21% family care and support such as looking after older people and children, supporting parental responsibilities; 10% basic education and occupational training.

In most of the Municipalities participation in programs was compulsory, while in 14% of them beneficiaries could chose to participate in the program on a voluntary base. In case of refusal or inattendance in some cases, Municipalities sanctioned the beneficiaries only with a warning to return to follow the program; in other cases there was a redefinition of the individual social program, while in a few cases there was a reduction or cancellation of the economic support.

During the experimentation the number of beneficiaries that exited the RMI was few: less than 10% of total number. Even in these cases, it is possible to observe a gradient North-South, with more exiting in the North, resulting from different contest, the ability of the local management (difference of efficiency and effectiveness), and design of the measure (more "mere assistance oriented" in the South).

Elements from national evaluations and literature on the functioning, outcomes and impact of the measure

Main strengths and weaknesses

The RMI experimentation took place in a strongly unbalanced national context, with heterogeneous structural conditions. Its impact has been determined mostly by contextual conditions that have influenced the subsequent developments.

The main problem encountered – one that every measure like RMI will encounter when generalised at the national level, is that cultural and territorial differentiation is so marked that it will not be possible to assure equal conditions of assistance and equal opportunities all over the country. A national measure, even if financed by regional funds, should be able to consider specific local needs through a modulation in the different areas of the country.

Having devolved the management of an instrument so innovative and complex to the municipalities responded to the goal of "being in the territory", but has brought upon them responsibilities in the definition of many criteria, thus generating a substantial heterogeneity and difficulties to organize adequate local services and an effective and efficient management of all the activities, starting from identification of beneficiaries to the organization and implementation of integration programs in a network with others services involved in policies of social inclusion.

The complexity of the objectives pursued by the RMI require organizational, professional and cultural changes in order to organise a policy able to face situations of serious poverty and deprivation, more difficult in areas characterized by an organizational deficit in the system of social services.

From results of the evaluation it is possible to note that the characteristics of the context had a major influence on the outcomes in terms of beneficiaries exiting for having overcome the state of need: in municipalities where the unemployment rate (at the provincial level) was low, there were the highest rates of exit for overcoming the state of need and vice versa.

The experimentation evidenced strengths and weaknesses of the measure itself and of the impact of the introduction of such a measure in a context similar to other contexts of countries belonging to the Mediterranean model. This is the aim of the following analysis.

Strengths emerging from the evaluation

RMI has played an important role in terms of leverage against all situations of deprivation and exclusion, in many cases allowing the activation of actual and potential resources of the recipients, determining also a different relationship with social services.

- A universal measure

RMI has been characterised by the principle of universality and selectivity, innovative in a context where all the existing measures are categorical. RMI was aimed at including in the Italian welfare state parts of the population that had been excluded, those not belonging to one of the protected categories (elderly, disabled, unemployed with a period of contribution, etc).

This characterisation enabled the inclusion of people in need previously unknown to social services or not eligible for economic support, that had been selected through an Indicator of Economic Situation common throughout the country.

- An economic support linked to the involvement in social reintegration programs

The real innovation of RMI in Italy, considering the culture of social services aimed at assistance and not at reintegration in most of the regions of the country, is that the economic support was linked to the involvement in activation and social reintegration programmes. This innovation, as already described, has been introduced in particular in the northern part of the country: it produced very few exits in term of reintegration in the labour market, but some important social programs have been realised:

- RMI allowed for the raising of the level of education of many beneficiaries and their family members, who were able to achieve school diplomas which they would otherwise not have achieved.

- RMI social integration programmes helped many families to return to participate in the social life of their communities and encouraged individual responsibility to exit from a state of need.
- RMI certainly has allowed for an improvement in the living conditions of children in terms of raising their level of education and the consequent prevention and reduction of child labour. In this sense the measure has played an important role in improving parental responsibilities.
- In many cases programmes consisted in care, support and rehabilitation to disabled and the elderly.
- RMI raised the standard of living of poor people

RMI has been an essential economic support for all families below the poverty line: the standard of living of poor people, especially those who lack money, has been raised by the introduction of minimum income. Minimum income has been particularly effective in tackling economic poverty in the South of Italy, where social services and assistance measures for poor people are still not adequate.

For all cases in which a form of reintegration (intended as a progressive path towards autonomy) was not feasible or where municipalities were not able to organise themselves in that sense, the measure has proved to be an essential tool for sustenance to face economic needs. This means that:

- on the one hand there has been an improvement in the economic conditions of the poorest families and a return to legality in many cases of default. Consequently young people in families with severe social and economic problems gained access to a higher education; thanks to the support of many associations that have collaborated in the experimentation marginalised families have entered social environments from which they were probably excluded before.
- on the other hand there is a great risk of a characterization of the measure as mere economic support with the induction to the "social parasitism" and the dependency on social services, and the inability to produce a change in the mentality of the recipients...
- Harm reduction

Minimum income has represented an important means in terms of 'harm reduction' (in a wider sense) helping families to recover from certain potentially dangerous lifestyle choices or to avoid plunging into an even more serious social exclusion path. Families have recovered from arrearage) and debts also with the public administration. The early withdrawal of minors from school has also been reduced and also reducing early school leaving of minors.

- Improvement of local management

The activation of RMI has had some positive effects on the organization and on the improvement of the culture of local welfare system. This happened as the management of RMI implied a more complex and professional approach by social departments of the Municipalities and social workers. For instance:

- The passage from a standardized assessment, a discretionary approach and a traditional form of economic transfers to structured, transparent and homogenous eligibility criteria and formulation of insertion programmes.
- The introduction of a form of governance in the area, as the implementation of integration program requested the agreement with private and public institutions.

- The development of more sophisticated instruments for means tests and periodic assessment of eligibility criteria.
- The reorganization and rethinking of the methodology of work of municipal social services, favouring a more coherent organization of work with the creation of *ad hoc* RMI offices and the implementation of personnel, the activation of a logic of interdepartmental interaction; and a greater capacity analysis of the needs of the area
- the production of social capital

RMI represented a model with “high social capital” for the welfare system, capable of producing an innovative reorganisation of the social protection system and of having a determining effect on the construction of networks of individual realities in the community: local authorities, the third sector and civil society.

The measure has enabled an improvement of the capacity of institutions to identify complex forms of hardship and deprivation and gain a more precise definition of the social characteristics of poverty in local areas.

Weaknesses and critical factors emerged from the evaluation

- Problems in the management of the measure

Almost all the Municipalities in the South of Italy, and all the small Municipalities not connected in a network, had severe difficulties in the management of the measure concerning three main factors:

- Funding: These municipalities generally have scarce economic resources that do not allow them to develop a modern welfare service able to implement RMI including the part concerning integration programmes.
- Governance: These municipalities have encountered difficulties in establishing connections between institutions asked to deal with a specific part of the measure such as the assessment of means test declarations, the implementation of integration programs, the coordination of private organisations involved in integration programs.
- Professionalism: there is a lack of competencies of social workers who are asked to elaborate, monitoring, and implement activation/integration programs.

These three factors (funding, governance, professionalism) have led to the elaboration of inadequate integration programs which generally have not turned into a real and durable social inclusion of the beneficiaries.

- Inequalities due to the local design of the measure

In Italy the Municipalities have partially modified the characteristics of access to RMI, and the management the measure. As a consequence the discretionary power left to the Municipalities led to different definitions of "poverty threshold" and similar cases received different treatment even in contiguous areas, even though RMI experimentation was almost completely financed by national resources.

Moreover, the different methods adopted by Municipalities to determine access have sometimes been in contrast with the design of the measure determined by the State.

- The measure is not part of a wider safety net

To be effective in facing poverty and social exclusion, it is necessary to integrate RMI with other social policies (such as employment, local development, education, housing, social services). “The RMI can act as a seed or an anchor for a wider range of linked policy initiatives to tackle poverty, rather than being viewed as the only game in town in combating poverty.” According to Ferrera (2005), in the Mediterranean model the lack of links and integration between minimum income and other important interventions will lead to the failure of the main aims of the measure.

Significantly, in Italy little or nothing emerges on the effective solution of poverty situations. This because minimum income can provide some help and activation for tackling poverty but does not in itself help individuals and families to recover durably from the situation of need.

This issue is more complex for the South of Italy where poverty is generally linked to unemployment and low salaries in the ‘black market’: being more a problem of frailty of the economic context rather than of activation of individuals, RMI is not the solution in this sense. In areas with very high unemployment rates, as in many of the municipalities that have experienced RMI, training programs and activation policies can hardly have as an effect the re-entering into the job market as the main way out of poverty.

Favourable social conditions and the presence of a strong network of social services can help to create or strengthen virtuous circuits (like in the north of the country), while unfavourable conditions, such as high unemployment or the lack of specific services or opportunities, risk to create or strengthen perverse circuits (like in the South).

- The risk of poverty trap

RMI has not been successful in terms of producing employment and reintegration in the labour market. Beyond the inclusion in socially useful work such as maintenance of public parks, the support to the social secretariat, the experimentation has not had substantial effects in terms of job placement and support towards it.

It was not its aim. In a context where more than half the workforce is unemployed integration programs are not asked to solve such severe and widespread structural problems. Here the introduction of RMI runs the risk of inducing an even worse welfare dependency and a fall into the poverty trap.

Directions for the Future: elements from a discussion between experts on solutions to the problems identified

Studies and public discussions in Italy are focusing on these issues:

- A new measure aiming at fighting of poverty and social exclusion must be based on the definition of a solid institutional support, involving public policies and integrating active resources of the community.
- RMI should be integrated in a new system of instruments for combating poverty, aimed at: a) reforming all the categorical benefits towards a new universal measure; b) linking all the resources and measures provided by the network of services offered to the person at the local level.
- The new measure should integrate economic support with integration and activation policies giving to this second component a strong role.
- Working towards a precise definition of financial resources, identifying appropriate forms of financing, and reorganizing all existing forms of economic support.

- To avoid that a measure like RMI could induce the fall into the "trap" of assistance, but that on the contrary it could be an instrument of empowerment of the individual and his/her family, it is essential that it is strongly linked with the active policies of training and job insertion.
- A measure like RMI can now be financed and organised only at the regional level, due to recent constitutional reforms, but a national definition of the 'level of essential assistance' in terms of the minimum level of assistance in a situation of economic poverty which every Italian citizen can claim wherever he lives, appears necessary.
- If it is true that employment is the main instrument of social inclusion, it is equally true that for a large group of people it is essential to activate measures that favour the primary approach to the labour market, ensuring a minimum income that enables a person to activate skills.

5.4.6. Eastern Europe: The Czech Republic⁴¹

The Czech Republic is a case study from Eastern Europe. Countries of Eastern Europe have in common the experience of communist governments, with egalitarian roots, generally a generous system of service provision before the crisis of the late 1980s, and the economic crisis of the 1990s, with a decline of public social schemes; that exposed serious problems of poverty. At the end of the 1990s the countries' welfare systems took several trajectories according to their evolution into democracy and market economy.

In the Czech Republic the economic and policy changes after 1989 have maintained the protective character of the system. While many countries experienced a rapid increase in poverty during the economic transition, in the Czech Republic economic poverty has changed its face rather than its rate (Vecernik, 2006). The economic transition has created new economic problems, in particular and especially long term unemployment (Kotynkova, 2007).

As we have seen in the previous chapters:

- The Czech Republic has a minimum income with unlimited duration, and a measure to provide assistance to persons in need. The welfare system also includes specific non-contributory allowances for persons with disabilities and for low-income families with dependent children. There is no special scheme for minimum pensions or income for older people (or pensioners).
- The Czech Republic shows low poverty rates and high performance in reducing poverty, both through general transfers and through means tested benefits. In fact, it is second in the European ranking in reducing poverty, and it also has the best performance in terms of the effectiveness of the pension system in reducing poverty (46.2 percentage points).

⁴¹ The case study is mainly based on: Adema W. *Social Assistance Policy Development and the Provision of a Decent Level of Income in Selected OECD Countries*, OECD Report, 2006; Employment and Social Affairs of European Commission, *Missoc Database*, European Commission, 2007; Heikkilä M., Kuivalainen S., *Using social benefits to combat poverty and social exclusion: opportunities and problems from a comparative perspective*, Trends in social cohesion No. 3, Council of Europe, September 2002; Mácha M., *Poverty situation and policies to fight social exclusion in the Czech Republic*, Research Institute for Labour and Social Affairs, October 2000; Kotýnková M. *The Social Assistance System in the Czech Republic: How to find the balance between protecting people from poverty and motivating them to work*, 5th International Research Conference on Social Security Warsaw, 5-7 March 2007; OECD, *Economic Survey Of The Czech Republic*, 2004; Vecernik J., *Process of Social Inclusion in the Czech Republic, Report for European Commission*, April 2005; Vecernik J., *Trends, Recent Developments, Active Inclusion and Minimum Resources, Report for European Commission*, First Semester Report 2006; Vecernik J., *"Feeding in" and "Feeding out", and Integrating Immigrants and Ethnic Minorities, Report for European Commission*, Second Semester Report 2006; Vecernik J., *Tackling child poverty and promoting the social inclusion of children, Report for European Commission*, First Semester Report 2007

The design of the measure: the subsistence minimum

The National Action Plan on Social Inclusion for 2004-2006 (NAPSI) sets the country's main social priorities for combating unemployment and reducing welfare dependency. Currently, in the Czech Republic two new Acts, both issued in 2006, refer to a general non-contributory minimum income to tackle poverty and social exclusion: a) the Assistance in Need Act that motivates people to work even in a less paid job, and b) the Act on Subsistence Minimum and Existence Minimum and Housing policy. Municipal authorities are responsible for granting and implementing the two measures.

These new acts replace past minimum income schemes that were conceived in early 1990s. New legislation, valid from January 2007, is guided by the principle of "making work pay" and is designed to motivate citizens to actively search for jobs and to also accept lower paid employment. The new social legislation continues to protect people against poverty, but on a lower level in the case of people not willing in work (Vecernik, 2006). Following the concept of "making work pay", the Government has also recently introduced some financial measures such as tax credit to provide an advantage to being a working as opposed to a non-working individual.

Before concentrating on the subsistence minimum, we will briefly examine what the assistance in need consists of. This measure is aimed at assisting those with insufficient income through social work with beneficiaries and social counselling and giving benefits such as allowance for living, a supplement for housing and extraordinary immediate assistance. About social work with beneficiaries, "Individual Activation Plans" have been introduced to help people to find a job.

The target of the measure

The subsistence minimum, established in 1991 as a temporary protection, is currently an unlimited benefit consisting in income support for a household, up to the minimum subsistence level, to provide for the essential needs of life at a very modest level.

The subsistence minimum is a means tested measure. Access to the measure is determined taken into account: a) all sources of income of the potential beneficiary, including social security benefits; b) the willingness to work of the members of the household with the exception of children under 18 and adults over 65 years (pension recipients).

The minimum subsistence level is determined through budget surveys and budgetary realities. The level of the amount is adjusted every year according to the consumer price increase for subsistence and personal needs (such as hygiene, clothes, shoes, and so on) only if prices have grown by 5% since the previous adjustment.

Until 2006, the amount of subsistence minimum was formed by two components, in particular the funds necessary for: the needs of individual household members; the joint costs of a household. The needs of individual household members included food, clothing, and other essential goods and services for personal development opportunities. Basic needs do not include articles of long-term consumption and services of a non-essential nature. On the other hand, the costs of a household included the cost of accommodation and related services. The amounts necessary for both components of the subsistence minimum were calculated according to a scale of equivalence that took in account the number of household members, the age of the children and of the other members of the household. The overall amount of the subsistence minimum was a simple addition of the amounts of the two components.

From 2007, the minimum subsistence amount has been reconstructed so that only personal costs are considered and housing support is treated separately. Moreover, has been introduced a lower level of minimum income addressed to those who avoid employment and, finally, in extreme cases of non-cooperation, even this benefit could be withdrawn.

Monthly amounts of the Living minimum (<i>Životní minimum</i>):	
single:	CZK 3,126 (€114)
first person in household:	CZK 2,880 (€105)
second and other persons who are not a dependant child:	CZK 2,600 (€94)
dependant child under 6 years:	CZK 1,600 (€58)
6 - 15 years:	CZK 1,960 (€71)
15 - 26 years:	CZK 2,250 (€82)
Existence minimum (<i>Existenční minimum</i>):	CZK 2,020 (€73)
The necessary costs of housing have not been included in the sums of living minimum and existence minimum since 01.01.2007.	
Source: Missoc 2007	

The evaluation of the measure from a secondary analysis

The experience of the new minimum income scheme, introduced in 2007, has not been evaluated yet. However it is interesting to summarize the causes that have led to the change of the legislation, aimed to link more closely social benefits to active participation in the labour market. Moreover is interesting to analyse the strong points of the past measure that have not been changed by the new acts.

Main weaknesses

- Inequality of the poverty line between different types of families

The poverty level considered necessary to access to minimum income took little account of the shared needs of households and of scale economies. Benefits were therefore advantageous for larger families, not small families and single people. In the new scheme, from 2007, the scale of equivalence has been changed and some costs of the household, such as housing, are treated separately. The aim of this change is to eliminate disparities between the amounts given to families in comparison with the ones given to individuals.

- The trap of poverty linked to the equal level of minimum income and minimum wage

The relationship between minimum income and minimum wage levels could act as a disincentive to work. In the Czech Republic until 2000 the difference between the two values was small. When the value of minimum income and of minimum wage are close, recipients of below-average wages could have a tendency, varying in intensity, to social parasitism, giving up gainful activity and living off social benefits. This condition of parasitism could affect to a greater extent both beneficiaries with children because of less direct financial incentives to work for large families (until 2006) and low skilled workers most likely probably involved in minimum wage jobs. These two characteristics were often present in Roma families, and this made them particularly vulnerable to the poverty trap (Kotynkova, 2007).

In the Czech Republic, it was only in 2001 that minimum wage came to exceed minimum income amount for a single adult. In 2005 the minimum wage rose to 137% of the minimum subsistence amount of an individual, in net terms.

From 2007, a lower level of minimum income addressed to those who avoid employment was introduced.

- The trap of poverty linked to the high levels of unemployment

There are risks of social parasitism, especially as unemployment rises and becomes long-term for a significant quantity of unemployed people. Long-term unemployment is the most important factor in poverty risk. Long-term unemployment occurs more frequently among young and middle aged men, and particularly among older women.

In 2007, the new legislation introduced rules requiring people to show proof of their active efforts at finding work and “Individual Activation Plans (IAC)” to help them to find a job. Currently, it is not clear if the IAC can effectively help people in long-term unemployment return to work.

- The system of financing minimum income and the efficiency of the measure

Minimum income is financed completely by the State, and it is managed by local authorities. It seems that the lack of co-financing by the Municipalities can contribute to a lack of efficiency on the part of the Local authorities (Vecernik, 2006).

- Management problems, above all for local authorities

Local authorities manage access to minimum income. It seems that Local authorities have a low capacity to determine which individual cases should access to the measure and to define the Individual Action Plans. More in general, Local authorities have problems in managing the measure in an efficient way. These problems are particularly widespread in small municipalities that are present in a large number in the Czech Republic.

Main strengths

- The low percentage of households in poverty

Only a small number of households are situated below the standard criterion of poverty usually used in international comparisons (half of the income median). Relative financial poverty in the country is one of the lowest among EU member states, and is rising quite slowly despite the already massive scale of long-term unemployment. This situation is a consequence of a relatively embracing and generous social system.

- Relative high income support to families with children

The amount of income support is particularly advantageous for families with children, and in particular the level for families with two children were relatively more generous in the Czech Republic than in other European countries, this implies that the Czech Republic system was more oriented to favour large families (Willem, 2006).

Since 2007, the new system has eliminated unbalanced social assistance benefits to different households. Currently, it is not clear if the new way of calculating the income support amount, that is the assistance benefit to families with two children, will remain so generous in comparison with other European countries.

- Reduced risks of trap of poverty

The low level of minimum income for singles was intended to prevent work disincentives. In addition, in 2007, the new legislation introduced rules in order to reduce poverty trap risks for singles and families. In particular, the minimum income has been reduced to a bare minimum level for those who avoid employment. The bare minimum applies only to adults in a household.

- Reduced risks of parasitism and informal jobs for people unable to find regular jobs

The new legislation has introduced rules requiring people unable to find regular job to prove their efforts in searching for a job and their activism (i.e. participating in municipal work projects, volunteering, and so on) so as to continue receiving social assistance. The main aim of these rules are both to give people reasons to remain active and to find ways of occupying people's time so that they have less free time available for working in the informal economy (Kotynkova, 2007).

6. Conclusions: issues at stake for European and national policies

Building on the previous evidence and discussion, the last section of the final report will discuss the key issues at stake for European policies in the field of the fight against poverty, both at the national and European level. It will be structured to give the European Parliament useful elements for decision making, always bearing in mind that Social redistribution and social policy is the exclusive competence of the Member States.

In this draft some preliminary sketches have been proposed for discussion.

6.1 Current trends in poverty and unemployment in Europe

- In 2005, the average at-risk-of-poverty rate in the EU was 16% while national figures ranged from 9% in Sweden and 10% in the Czech Republic to 21% in Lithuania and Poland and 20% in Ireland, Greece, Spain and Portugal.
- In most of the countries, **the at-risk-of-poverty rate was higher for women.**
- **Young people have the highest at-risk-of-poverty rate**, reaching in 2005 19% for children aged 0-16 and for the following 16-24 age group. **The risk of poverty for children** is particularly high in Poland (29%), Lithuania (27%) and Romania (25%). In Portugal, Italy and Spain it reaches 24%.
- **One person households and those with dependent children tend to have the highest poverty risk, with the highest poverty rate affecting single parents with one dependent child (33% in the EU as a whole).**
- The risk of poverty for **people aged 65 and more is significantly high in comparison to the population as a whole in a number of Member States**, and it is particularly high in Ireland (33%) and Cyprus (51%). It is very high in Spain (29%) and Greece (28%) too. **Older women are at a greater risk of poverty than older men, especially women over 75.**

Considering with extreme caution data available from Eurostat we observe that **the trend from 1995 till 2006 has remained almost unvaried** (oscillating from 15 to 16%) but with some exceptions:

- Poverty has constantly **risen by more than 2 percentage points** in the last years in: Latvia, Lithuania, Poland and Finland.
- Poverty has constantly **declined by more than 2 percentage points** in the last years only in Portugal.
- **Unemployment declined in 2005 after having risen since 2001.** In 2005, 8.8 % of the EU-25 labour force was unemployed, almost the same percentage as in 2000 but somewhat lower than in 2004. This amounted to 1 million more people than in 2000. In the meantime unemployment went down until it reached a low of 8.4 % in 2001 when it started to rise again until 2004.
- **Unemployment rates fell in all Member States between 2004 and 2005 except in France, Cyprus, Hungary, Netherlands, Austria, Portugal and Slovenia.**
- **The 2005 unemployment rates ranged from 17.7 % in Poland to 4.5 % in Luxembourg, and 4.3 % in Ireland.** The rates were also relatively low in the Netherlands, the United Kingdom, Denmark, Austria, and Cyprus (less than 6 %). Estonian, Irish, Latvian, Swedish and British men were more likely to be unemployed than women (Eurostat, 2007).

- In 2005 the youth unemployment rate increased by 1.2 percentage points from 2000, from 17.4 % to 18.6 %, after having reached a high of 18.9 % in 2004. In eighteen countries youth unemployment rose in this period, mainly in Portugal, Hungary and Luxembourg and Romania, while in ten others youth unemployment declined in between 2000-2005, most in Lithuania and Bulgaria (-14.9 and -11.3 percentage points).

In 2005, youth unemployment was highest in Poland, 36.9 % with Slovakia and Greece coming second and third (30.1 % and 26.0 %). In the Netherlands, Ireland and Denmark youth unemployment rates were less than 10 %.

- Access to employment is a key aspect of social inclusion. Poverty risk is higher amongst the unemployed and inactive (other than retired) members of the population.
- It appears that public transfers contribute to a decrease in the poverty rate by an average of 22 points in the Member States. Generally speaking, poverty is greatest in countries where these transfers are the lowest, such as southern Europe, Ireland and UK. On the contrary countries that implement larger social transfers to combat this phenomenon, as in the northern European countries, are more successful.

“A wide range of factors affect poverty. These include technological progress and changes in structural conditions in product markets, as well as policies in areas such as education, housing and taxes. At the individual level lack of skills and other personal characteristics such as disability and lone parenthood can bring people into poverty or prevent them from getting out of it. While all these factors are important, **getting people back into the labour market – and the education and training that can help them find jobs – is key, because it is the one dynamic factor capable of changing individuals’ conditions and enabling them to become self-sufficient on a lasting basis.**”⁴²

6.2 Common characteristics of minimum income in Europe and main differences

Minimum income benefits are explicitly designed to combat poverty and for guarantee an adequate standard of living and social re-integration for those whose income is insufficient. The minimum income is generally a form of non categorical assistance. The assistance is given when a person (or a family) is without sufficient means to meet the necessary costs of living. Therefore the minimum income is generally complementary to other subsistence allowances, contributory or not, and it contributes to create the so called “safety net”.

In general minimum income schemes tend to:

1. Protect the needs of people not already protected by specifically targeted policies helping them to recover from poverty through a fair and equitable means tested measure.
2. Help people to activate themselves towards social inclusion.
3. Help people to enter or re-enter in the labour market as the only means to prevent from falling into poverty again.
4. Integrate the economic support of poor families with positive actions of social and labour insertion, fostering the integration of social policies with active labour policies, education and training policies, housing and health policies, etc. In many countries minimum income policies include a double level of action: family support from the economic point of view and individual support from the social and labour inclusion point of view; in other countries minimum income represents a specific individual measure.

⁴² OECD Combating poverty and exclusion through work, Policy Brief, march 2005

Minimum income is therefore a social scheme with an integration component, involving a system of personalised support for beneficiaries. The challenge is to combine an economic and a social dimension in one policy, a field where traditionally in many countries the administrative machinery has tended to treat economic initiatives, job seeking and social assistance as three separate fields of activity.

Two important issues:

- Minimum income needs in its implementation at a regional or national level transparent and homogenous rules for means testing and equivalence scales in order to define needs and income able to select correctly beneficiaries from all over the country whilst (in some cases) paying attention to local diversity.
- Being a national or regional measure it allows the assessment of results and outcomes obtained, incrementing the effectiveness of a policy against poverty.

In a schematic way minimum income/non-contributory benefits paid to unemployed workers in Bismarckian social protection systems aim to establish a safety net bridging the gaps that may exist in these systems, where social insurances are related to working activity: in these systems they play a subsidiary role.

In more universalist models, such as in the Nordic countries, minimum income is an intrinsic part of social protection systems.

In southern Europe, they are still less developed, because they have been implemented too recently or incompletely.

Main findings

Almost all European countries have some kind of minimum income scheme providing income support, but they vary widely in their structure and coverage. With the exception of Greece and Hungary, and locally of Italy, all other Member States have a general form of guaranteed minimum income for those without sufficient resources.

The results of the analysis of the national welfare systems allow a first attempt to cluster minimum income schemes of European countries articulating them in a continuum between two main groups:

1. One characterized by assuming the **minimum income as one generalised, all encompassing benefit**: minimum income is the only (or the most important) income support existing and it is open to all those who are without sufficient resources. It is not limited to specific targets of the population. This is in particular the case of Luxemburg, Austria, Poland, Malta, the Slovak Republic and Romania.
2. At the opposite end of the continuum there are the countries where **minimum income is designed as a last resort subsidy** for all those who have already exhausted all other possible claims for targeted measures. In this case countries **provide both categorical assistance schemes and a general minimum income**. The minimum income is a last resort in systems that have developed separate forms of assistance guaranteeing minimum income to certain groups of population such as older and disabled people and the unemployed. This categorical assistance is intended to provide more specific safety nets for social groups that have insufficient resources. Here minimum income is a measure for people that have exhausted other social benefits. France, Finland, Germany, Ireland and the United Kingdom belong in particular to this group.
3. A smaller group of countries is characterised by the presence of **categorical schemes and the absence of general last resort measures** (Italy, Hungary and Greece) or the **absence of a national minimum income scheme** (Spain).

Other countries are positioned between the three groups with Belgium, Netherlands, Sweden and the Czech Republic nearer to the group with an all encompassing measure; and Bulgaria, Cyprus, Denmark, Estonia, Latvia, Lithuania, Slovenia and Portugal nearer to the group with the minimum income as a last resort measure.

The study has analysed European minimum Income schemes through different perspectives:

3. the institutional level and the model of financing
 4. access to measure
 5. duration of the benefit
 6. amount of the allowance
 7. social activation.
- Minimum income is almost everywhere set by the central government, only in Germany and in Austria are the Länder responsible for it, while in Sweden and the Slovak Republic there is a co-responsibility between the central and the local level.
 - The main eligibility rules are: citizenship and/or residence condition, age and income: in European countries a minimum income is generally available to any person permanently resident in the country. Nationality is not generally a requirement to access to minimum income. **In most countries there are no age conditions.** Access to minimum income depends primarily on **assessments of income situation. Means-testing is generally used to include/exclude people from access.**
 - The **threshold** to access the measure is generally **based on the cost of living** or a basket of goods, and is reviewed annually taking in consideration the rise of inflation. In some cases the threshold is linked with other measures such as minimum wage and/or minimum pension (i.e. Luxemburg, Malta, The Netherlands).
 - In most of the countries it is **unlimited as long as the eligibility conditions persist.** In seven countries **the duration is limited** and it varies between 3 months and 24 months.
 - **The amount of minimum income** for a single person living alone per month (2007), calculated according to comparative price level indices (2006), **differs from a maximum of 1,081 EUR in Luxemburg to minimum of 55 EUR in Romania:** the mean value of minimum income in Europe is 396 EUR per month. **Not only amounts differ between the European countries, but also in some of the countries there is a territorial differentiation due either to national or local decisions or to a combination of the two.**
 - **The basic cash transfer may be the same for all beneficiaries or differentiated according to their income.**
 - Most of the countries combine economic allowance with programs aimed at helping beneficiaries to find a job or to improve their labour skills such as *stages* or training (Germany, Latvia, Luxembourg, Malta, Ireland, Czech Republic, Slovenia, Slovak Republic, the United Kingdom, Bulgaria, France, The Netherlands, Spain, Portugal, Denmark, Sweden). Only three countries do not have social and employment programs, or economic incentives: Austria, Lithuania and Poland.

6.3 An evaluation of strengths and weakness of the measure

The main aim of minimum income is the economic support and the social integration of the poor, transforming them from 'society sustained' to 'self-sustained', by using human potential instead of wasting it. The key question therefore is whether a policy like minimum income is capable of creating a long-lasting exit from poverty, social integration and permanent employment.

Its potential strengths and weaknesses have been considered from the analysis realised on case studies: Denmark, France, Germany, UK, Italy, the Czech Republic.

Actual and potential strengths of minimum Income in Europe

- a) Minimum income is an important measure to fight against economic poverty and where it is implemented through an integrated and strategic approach involving different policies it is able to have a positive impact towards social inclusion.**

Supporting people with an economic supply makes minimum income an important measure to fight against economic poverty. Income support alone undoubtedly provides relief from poverty but does not in itself help individuals and families durably elude poverty. To be effective in combating poverty and social exclusion, social transfers must be accompanied by adequate health care, education, housing, social services and measures facilitating integration into the labour market for those capable of working.

The underlying logic of minimum income schemes is to develop an integrated approach able to jointly consider economic, social and development effects. In the countries where this integrated approach has been introduced social expenditure appears as the most effective in reducing poverty, and unemployment (as one of the most important causes of poverty) has been consistently reduced: this is the case of Denmark and Germany, but also for UK and France for specific targets of populations, the most covered by minimum income (lonely parents households for example).

- b) It offers the possibility of accompanying, not only assisting, the beneficiaries, and guaranteeing the participation of at-risk-of-exclusion people in active life by recognising them as full citizens.**

Minimum income beneficiaries are seen as citizens with rights and opportunities accessing a specific social benefit according to their condition.

In particular in all the countries that associate the economic benefit with a strong emphasis on labour reintegration the goal is to bring out and encourage all the resources and competencies that also the most disadvantaged people have, that can benefit both themselves and society in general. Thus, these systems support activities aimed at attaching these groups to the labour market through the mobilisation of all opportunities of social and economic support, in particular where pure employment activities are insufficient.

All case studies, even if in different forms, except from Italy, go in this direction and Denmark in particular has a specific attention to the most deprived: for people who sum to being unemployed, other complex social problems in the form of tough social conditions, health problems, misuse problems, etc. all opportunities are tackled and nobody is left on passive income support.

Moreover, in principle and in most cases beneficiaries are directly involved in the elaboration of the activation plan in order to comply with personal wishes and attitudes.

c) It promotes the production of social capital and facilitates the exploitation of public and private resources.

An important feature of minimum income is that it creates a network between separate fields of activity, making them work together to improve the situation of the poorest and enhancing local social capital by involving all the community stakeholders: trade unions, private firms, etc...

The workfare strategy, to which in many cases minimum income is integrated, facilitates the exploitation of public resources such as knowledge, personnel, funding, etc. as it is not a mere allocation of money to the most deprived groups of population but it implies the predisposition of complex plans of integration and social activation with the involvement of many public policies such as employment, housing, education and training etc... It favours a much more professional approach to the support of the poor.

At the same time it facilitates the exploitation of the knowledge of the labour-market organizations, trade unions and private firms with regard to local labour-market problems and their possible solutions; and, more generally, it maintains the labour-market organizations, trade unions and private firms as responsible partners in the process of implementing the new workfare policies.

d) It enhances the flexibility and skills of the labour force.

The Danish experience in particular has enhanced the flexibility and skills of the labour force creating, at the same time, enough sheltered jobs for those who cannot compete in the normal labour market. In this specific case about half of those who have been activated claim that their qualifications, self-confidence and job chances have improved as a result of activation, in general reducing unemployment of social assistance recipients

e) Harm reduction.

In Italy minimum income has represented an important means in terms of 'harm reduction' (in a wider sense) helping families to recover from certain potentially dangerous lifestyle choices. Families have recovered from arrearage (avoiding eviction), debts (also with the public administration), and also the number of minors leaving school early has been reduced.

A nation (or region)-wide measure as minimum income may have other additional positive effects related more to the condition of its implementation than to its outcomes:

f) It involves the introduction of transparent and homogenous rules for means testing and equivalence scales.

A measure with structured eligibility criteria can enable the overcoming of favouritism and a discretionary approach stimulating a more professional approach to the fight against poverty

g) Being a national/regional measure and not a local one it favours the assessment of results and outcomes, effectiveness of a policy against poverty.

In addition in many European experiences periodical assessments of the measures implemented have allowed their readjustment learning from the criticism evidenced.

Actual and potential weaknesses and risks of the minimum income experiences

Weaknesses and risks of the minimum income may be linked more to the way in which it has been implemented than to the characteristics of the measure in itself. Not everywhere is its application adherent to the intentions declared in the laws and the discretion of the administration of the benefits can produce strong differences in its outcomes. In any case some specific traits can be outlined:

a) Insufficient coverage

One of the six challenges outlined in the Joint Reports for social inclusion is to ensure that social protection systems have sufficient coverage and levels of payment to guarantee an adequate minimum income for all to live in dignity. But this is one of the main problems in most European countries: in many cases either there is not sufficient coverage to guarantee decorous levels of payment or there is not sufficient coverage to guarantee minimum income to all who are in need and are eligible for it, or both.

For minimum income as other means-tested benefits three substantial factors may account for an ineffective alleviation of poverty:

1. Coverage: some (significant) parts of the population are not eligible for means-tested benefits, due to the low threshold set by the schemes.
2. Adequacy: means-tested benefits are not generous enough to alleviate poverty.
3. Take-up: means-tested benefits are not fully taken up by the eligible population.

The first two factors depend on the programme design while the third factor is determined both by individual perceptions/behaviour, and by programme design/administration process. In UK for example different researches have identified two main types of barriers in claiming for Income Support, particularly among pensioners:

an attitudinal component which can broadly be described as the 'stigma' dimension associated with claiming income-related benefits, and a 'process' dimension consisting of objections to (or negative perceptions of) various aspects of the claim process, for instance for bad past experiences with the social security system

This introduces the need to realise a systematic evaluation of the design of means-tested benefit schemes to introduce systematic correctives to their implementation.

b) The poverty trap

In many countries debate has concentrated on the relationship between social policies (minimum income, the unemployment compensation system, etc.) and work. Policies providing income for those out of work are thought to create inactivity or 'poverty/unemployment trap', a term that became fashionable in all European countries in the second half of the 1990s.

In a brief synthesis these are the main issues concerning this item:

- the high level of the allowances allow households to live in dignity without working;
- to work in 'integration jobs' is far less demanding than to work in regular jobs, for almost the same level of income;
- the equal level of minimum income and minimum wage may represent a disincentive to work;
- the integration in the labour market has costs that can make it unattractive to beneficiaries, especially if the job is part-time or short term: in some countries beneficiaries lose free health care, or housing allowances.

The governments of many countries are seeking or have already introduced solutions and measures which might avoid disincentives to work, and poverty: this problem has either been tackled directly, through financial incentives – negative income tax, unemployment insurance systems, levels of minimum wage and minimum income, etc. – or indirectly – by enhancing job search efficiency, or providing better working conditions.

In Denmark for example if an unemployed person rejects a fair offer of activation during the benefit period then (s)he will lose the right to unemployment benefits for four weeks; in serious and repeated cases the right to unemployment benefits can be lost completely. Rejection of a fair offer of activation during the activation period leads to an immediate loss of the right to unemployment benefits.

In UK to avoid the “poverty trap” the choice has been to maintain low the level of payment for all adults in working age, to introduce specific activation policies, to introduce tax and benefit systems to ensure that people are better off working, such as disregarding part of earnings in Income Support. In particular the tax credits are supposed to be useful not only as incentives to work but also to improve take-up rates of entitlements and reduce stigma, by switching from a benefit to an entitlement to retain more of one’s earned income.

In France literature presents possible risks of introducing activation policies to avoid poverty trap: the choice of including specific forms of direct or indirect subsidies to companies and the discipline of minimal financial cost for the public administration risk to encourage the development of low wages and pushes ever larger portions of the population to poverty thresholds located between RMI and Minimum wage. In particular subsidised contracts do not always allow for a rapid long-term reintegration into the labour market, although they frequently improve to a slight degree living conditions for the most disadvantaged sectors. The new employment policies are moving towards emphasising financial incentives to work, to “make work pay” together with several socio-fiscal system reforms since the late 1990s which aimed to boost the financial attraction of low-paying jobs. Following this series of reforms to boost financial incentives to regaining employment, an analysis of the various profiles led to the conclusion that “non-employment traps” had virtually disappeared.

In the Czech Republic the problem evidenced in particular was the equal level of minimum income and minimum wage, being a disincentive to work. The small difference between minimum income and minimum wage levels could act as a disincentive to work: recipients of below-average wages could have a tendency, varying in intensity, to social parasitism, giving up gainful activity and living off social benefits. From 2007, a lower level of minimum income addressed to those who avoid employment was introduced.

Many countries such as France, Denmark, Germany have also introduced correctives to the costs of ‘working’ such as the guarantee of the same level of assistance concerning health care, or housing allowances, or in some cases the compensation for the transport costs.

c) The determination of the better target for the measure

A main issue to be afforded concerning the implementation of minimum income is related to the target of potential beneficiaries. Should minimum income be the last resort subsidy for the most marginalised who have no other means to gain money to live on, or should it be a measure for the unemployed who still have residual personal and professional resources which only need to be supported, improved and upskilled? This is a continuum in which every country tries to look for the better choice and mix.

Minimum income in any case should be part of a wider policy against poverty and social exclusion with specifications for each specific target group. The risk in fact is that most attention and resources for activation are given to the best qualified unemployed who have better opportunities to be activated leaving the others with minor opportunities and training programmes which are not adequate to re-enter the labour market. Therefore specific attention should be drawn to the difficulties associated with activating weak and marginalized groups, a large group of beneficiaries who are difficult to activate because they have severe social, psychological or health problems.

d) Difficulties of implementation

Minimum income may present problems in its implementation: as it associates economic support with a strong activation policy. This second part of the measure may present problems in terms of:

- offers of general and individual programs and plans for activation and/or labour reintegration in particular in the most deprived areas of every single country;
- the uneven quality of the individual action plans and the activation offers;
- the difficulties associated with activating weak and marginalized groups whose activation is really costly and require the necessary amount of sheltered jobs in the private and public sectors;
- the discretionary power left in some cases (such as Italy for example) to the Municipalities concerning the modalities of implementation of the measure allowing different treatment to similar cases even in contiguous areas.

An important reason explaining these difficulties is linked to a lack of power, funding and competencies in social workers asked to elaborate and implement activation plans. This has been evidenced in almost all case studies. Not everywhere in fact are social workers or the other professionals asked to deal with activation plans prepared for this duty. This is particularly the case when they work in really deprived areas where their concern may be mainly focused on the most marginalised and needy groups of the population. In Italy for example this has meant the elaboration of inadequate activation plans which have not turned into a real and durable social inclusion of the beneficiaries. Denmark specific solutions have been adopted such as projects aimed at training and moving caseworkers closer to the citizens concerned and the development of the local authority systems.

e) Difficulties of cooperation between different institutional levels

A measure like minimum income needs to be implemented between

- the municipalities (which are administering the active social policy)
- the regions or the state (which structure the measure, fund it, etc.)
- and the labour market, private business firms in which job re-integration is realised.

Many problems are linked to the difficulties in the cooperation between the different levels of implementation involved.

Concerning the institutional level it is interesting to evidence what has meant the decentralisation of the assistance in the German experience, and in part in the French one: it represents either a weak point and a strong point of the system. It raises concerns about lack of economies of scale, mobility, the use of administrative resources and incentives for cost-efficiency. If administrative units are too small they will be unable to offer a full range of services; less likely to dedicate professional staff; and to be too vulnerable to financial risks beyond their control.

Almost inevitably, rural districts face bigger challenges in service delivery than urban centres. The system presents more administrative costs than if only one level of government were involved. Among the benefits the most important one is its adaptability in reflecting local preferences and needs; moreover a devolved structure allows some local discretion and facilitates policy competition and innovation.

f) The involvement of many people in futile working projects

A risk of activation plans is that in case of lack of real opportunities of work or other forms of activation many people are introduced to programs of low interest and low effectiveness in the path to social inclusion.

In Denmark this problem has been directly tackled as the law clearly states that activation offers must improve the employment possibilities of the unemployed.

g) The interaction with social and economic development

Activation policies integrated into minimum income schemes are likely to work in an environment with job opportunities. Otherwise the risk is – in depressed areas - to ask minimum income schemes to solve the unemployment problems linked to the low job demand.

The performance and outcome of the measure is strongly influenced by context: in fact, favourable social conditions can help to create and / or strengthen virtuous circuits, while unfavourable conditions, such as high unemployment, help to create and / or strengthen perverse circuits: in a context where more than half the workforce is unemployed (like in the South of Italy) minimum income cannot be asked to solve such severe and widespread structural problems, and the measure risks to induce assistance dependency.

h) It is an expensive measure

In Italy the measure hasn't been implemented, among other reasons, due to its expensiveness, in Germany the reform has evidenced many more jobseekers than in the previous situation and in Denmark literature put in evidence that Flexicurity is an expensive model due in particular to the costs of activation of the most marginalised.

i) The problem of fraudulently claimed benefits

In some of the case studies the problem of fraud associated with the access to the measure has been evidenced.

In UK a “monetary fraud indicator”, auditing the proportion of fraudulently claimed benefits, has been introduced.

In Denmark the system is based upon the trust between all parts involved and in general Danish workfare strategy does not aim at repressing and punishing, but rather at involving in the planning of counselling, training and education activities that might empower the beneficiaries.

In Italy this has represented a real risk and many resources have been used to find solutions to the problem.

6.4 From a European point of view

The Amsterdam Treaty (1997) was the first to incorporate specific articles (Articles 136 and 137) in relation to the fight against social exclusion. As a result, the emphasis on tackling social exclusion widened from a purely national matter towards becoming a cornerstone of a European Social Inclusion Policy.

- From the perspective that the Market alone produces exclusion, it has become clear that it is necessary to envisage an inclusive society instead of introducing corrective measures in an effort to repair a dysfunctional system. In recent years, economic and social cohesion has also become one of the European Union's priority objectives.

- By promoting cohesion, the Union is encouraging harmonious, balanced and sustainable economic development, the development of employment and human resources, environmental protection and upgrading, the elimination of inequality and the promotion of equal opportunities. The Lisbon European Council (March 2000) identified a set of challenges that must be met so that Europe can become ‘the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion’. The Lisbon Summit highlighted the essential linkage between Europe's economic strength and its social model: at the heart of the Agenda is the modernisation of the European social model. The key challenge is to move from an agenda of tackling social exclusion to one that **fosters social inclusion**: this is the essential point that mainstreams minimum income as the heart of social policies aimed at fighting poverty and social exclusion.
- The Social Policy Agenda seeks to ensure the positive and dynamic interaction of the economy, employment and social policy, and to forge a political agreement that **mobilises all key actors to work jointly towards the new strategic goal**: this is one of the main innovations of the Social Inclusion Strategy and this represents another strong point that can make of minimum income as the cornerstone of a social policy fostering inclusion.

The multidimensionality of the concept of social inclusion is widespread throughout Europe, but **differences in policies and priorities remain**. Policy models remain highly differentiated also due to the fact that they are embedded in complex and diverse more general social protection systems. European social policy cannot be as centralised as, for instance, economic policy and there is no counterpart of the European Central Bank, for example, in the social policy arena. **The principle of subsidiarity is at the basis of European Social Policy**, and the European Union can intervene namely by promoting policy coordination and cooperative exchanges, to complement Member States’ action. Policies to combat poverty and social exclusion are mainly the responsibility of the Member States: European Union may define broad common objectives but every member state chooses the means by which they will achieve them. The new treaty doesn’t introduce consistent modifications: the Treaty of Lisbon in fact confirms that the policies described in Article 140 (and between them there is social security) fall essentially within the competence of the Member States. Measures to provide encouragement and promote coordination to be taken at Union level in accordance with this Article shall be of a complementary nature. They shall serve to strengthen cooperation between Member States and not to harmonise national systems.

Guaranteed minimum income schemes are considered a key means to prevent poverty and the European Union has continuously stressed their role in the fight against poverty⁴³. Which are possible actions at a European level to support the introduction in Member States of measures able to support equally citizens' rights in terms of social inclusion?

1. to promote a better understanding of poverty and paths towards social inclusion on the basis of new agreed indicators

The Nice Summit (December 2000) agreed to promote social inclusion on the basis of an open method of co-ordination, which involves the EU institutions drawing up common objectives and monitoring their implementation by Member States. A common set of indicators was agreed (reflecting the common objectives) to monitor performance on Social Inclusion.

Existing studies on poverty across Europe put in evidence the difficulty in describing the phenomenon of poverty throughout Europe due to different causes:

- lack of data able to be really comparative, considering the differences in data collection throughout Europe and the difficulties in homogenising the meaning of each figure in such different contexts;
- the simplification of the meaning of indicators due to the difficulties in their interpretation;
- the need to improve the existing indicators and to develop new indicators.

As well described in the French *Report by the National Observatory on Poverty and Social Exclusion 2005-2006* understanding of the situation of poverty and exclusion requires an objectification of these phenomena so as to quantify and measure them, and hence the establishment of indicators than can reflect actual evolution of these situations. 'The problems raised by the measurement of these phenomena and the question of indicators that can quantify them are not new: they have been the subject of numerous studies. The most commonly used indicators measure monetary poverty - in other words, the proportion of the population that does not have a minimum level of income (as expressed in either relative or absolute terms). This approach to poverty, which views poverty as a lack of monetary resources, has the advantage of offering a vivid quantitative overview of poverty situations. These indicators are simple and easy to understand and can be used to compare poverty levels over time and for international comparisons but have drawbacks:

a. Certain population groups are not fully taken into account

The first drawback inherent in the indicators of monetary poverty lies in the fact that they offer a highly imperfect assessment of the most "marginal" populations, which, to a great extent, elude public statistics. The principal surveys concerning poverty only count households that occupy normal housing and therefore exclude the homeless population, as well as individuals who live in collective dwellings, notably shelters, prisons, hospitals, retirement homes and so on.

⁴³ Heikkila et alii, 2006

b. Individual pathways are hard to assess

Furthermore, indicators available today only provide partial information concerning the recurrent or long term nature of poverty-related phenomena, and cannot correctly identify the pathways or dynamics of poor individuals and families: it is essential to be able to distinguish between temporary or even accidental phenomena, and permanent situations and a return to a state of poverty. Yet most of the available indicators describe these pathways poorly or inadequately.

c. Measured income does not always include all household income

The definition of income can be described in different ways across Europe in particular considering the type of income counted. In many countries not all household incomes are counted and this represents an important bias in the measurement of poverty in a comparative way: the composition of the poor population varies considerably with the definition of income used. In addition, the comparison of available income levels does not include a certain number of non monetary elements that can affect the resources or well-being of individuals. Hence, a certain number of benefits in kind available to certain households (free services for recipients of minimum social benefits, an autonomy allocation for elderly individuals) affect a household's standard of living, although they do not appear as available income. Similarly, individuals who consume "self-produced" goods (from a kitchen garden, for example) improve their standard of living, although this aspect does not appear as income. Another aspect is the occupancy status in a dwelling.

It is crucial that the analysis not be limited to indicators of monetary poverty: the diagnostic process must be expanded to include an array of indicators concerning the various dimensions of poverty and exclusion.

Many useful indicators could be integrated, in particular the ones considering the **characteristics of poverty, the characteristics of the main measures adopted, the budget available for each measure, the effectiveness of measures of fight against poverty, take up rates, etc.**

In particular we suggest introducing among the **agreed indicators** indicators relating to minimum social benefits: the annual evolution of the number of working age recipients of minimum income and of other social benefits is an economic indicator reflecting the situations of poverty that can be addressed by social protection measures.

The indicator of long-term minimum income beneficiaries could measure the proportion of people who have received the minimum income for more than 'X' years as a percentage of the total number of beneficiaries. The period selected corresponds to situations of long-term poverty which are often linked to an on-going alienation from the labour market.

As opposed to the preceding indicator it could also be useful an indicator of short-term beneficiaries of minimum Income RMI for whom this allowance is a help to face a situation of temporary poverty.

An essential factor that is rarely included in available statistics but that could be quite useful in a comparative study is the use of subjective indicators that measure the perception of one's own situation of poverty and of the access to services and benefit offered by the public policies.

2. to promote a consistent and continuous process of evaluation introducing for example an assessment report of the National Action Plans/Inclusion for minimum income measures

European Union could promote a consistent and continuous process of evaluation, also in a comparative way, on the impact and outcomes of the different measures implemented considering for each country for example:

- What are the goals of the measure?
- How does the measure intersect with wider social inclusion goals?
- What is its link with existing measures?
- Is the funding adequate to reach the local goals set?
- To what extent has the measure developed an integrated and strategic approach?
- How far have the measures been able to ensure integration of social inclusion with other policy domains?
- To what extent have they been able to set clear objectives and specific targets for the reduction of poverty and social exclusion?

It could be interesting to introduce such an evaluation as a component of the **National Action Plans/Inclusion**, itself object of a specific assessment report by the Commission. The goal is

- one the one hand to urge countries to use NAP/INC as a more useful instrument in the fight to poverty and social exclusion, passing from using it as a mere formality (as it happens in some cases) to an instrument of evaluation of the results obtained with the measures introduced.
- On the other hand to disseminate periodically all over Europe cases of best practices, solution adopted to specific problems encountered at national level...

In any case the role of the EU, while respecting the competence of the Member States, should not simply to be a platform of exchange of best practice, but also to frame the debate by agreeing legislation, guidelines and benchmarks, for implementation at Member States level.

3. to promote the interdependence of policies within the global objective of promoting social inclusion

The complexity and multi-dimensionality of social exclusion requires **the mobilisation of a wide range of policies** (employment, education and training, health and housing policies) **under an overall strategy in which minimum income must be integrated**. How? Promoting for example the interdependence of policies within the global objective of promoting social inclusion by actions under the Structural Funds and impact assessment evaluations.

Its is also important a check on the potential of the Structural Funds and PROGRESS to be a support toward the recover from poverty so as to identify new criteria for defining these instruments that can cover those "gray areas" in which there are no other financial initiatives and projects.

4. to promote new measures able to integrate in the labour market also the most difficult to activate

To meet the expectations of European population for an improvement of the standard of living and quality of life essential prerequisites are a strong economic growth and job creation, with a high degree of social cohesion. The commitment of the European institutions and MS should be, in the context of the renewed Lisbon strategy, specifically oriented to the eradication of poverty and to protection of the most vulnerable groups: if it is true that employment is the main instrument of social inclusion, it is equally true, and national experiences seem to confirm, that for a significant group of people it is necessary to activate measures aimed at the solution of the most important social problems that affect them, together with a help towards the primary approach to the labour market, ensuring a minimum income during the period of training and labour reintegration.

An action at European level able to intersect the various country-systems may therefore represent for MS an important opportunity to modernize, where necessary, national instruments, even to comply with the latest developments in the Lisbon process, in order to integrate more deeply the employment strategy to the social inclusion strategy, coherently with the commitments to the Council of Spring 2005 and 2006.

The open method of coordination offers tools suitable for the analysis in the community context and for comparison of the different systems activated nationally, highlighting specific opportunities and problems, and this may well support the action of MS.

It would be important to have comparisons concerning:

- the different ways of implementing of the measure
- the inter-institutional coordination between the various levels of governance and the solution adopted to coordinate social assistance services at local level
- the solution adopted to involve the labour market and private firms in the measures aimed at overcoming the poverty of the beneficiaries .

5. to seek for a large consensus

The European submodels show different policy-making traditions and each has to do with the particular interrelationships between the citizen, the state and organized society, especially through representation by the social partners.

- In the liberal tradition, the key relationship is between the state and the individual citizen, with social protection under the control of the state authorities, with little involvement of the social partners.
- In the Continental countries the social contract passes from agreements by the social partners, subsequently endorsed by the state institutions.
- In the Nordic countries the basic agreements originate from the relationship between social partners and the political representatives.
- In southern Europe social partners are very powerful and generally contrary to any change in the agreement reached.
- (As already stated former communist countries do not represent a coherent group.)

These differences affect the willingness of member states to shift towards the more preventive and re-integrative approach of an activating welfare state, and condition how they will react in trying to face the new challenges. Liberal countries and Nordic countries (with their active welfare state tradition) will find change easier than the Continental and Southern European countries because the former have less need to achieve a broad consensus and are, thus, better able to impose changes.

The so called 'Danish miracle' has been possible thanks to broad consensus reached in a number of areas in society, combining the interests of partners, government and citizens. As compared to other countries, the social partners in Denmark have reached a consensus in critical areas, to a higher extent being partners than parties. The partners communicate at all levels, centrally as well as decentrally. The 'Danish miracle' is the result of a pragmatic historic tripartite collaboration between employees, employers' organizations and government all convinced that a fluid labour market and a healthy economy are the sine qua non of any advanced society. In our concern this is the pathway to foster important changing and a harmonisation between measures towards the implementation of flexicurity as the European Social Model.

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Austria

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	79.9(M) 63.5(F)
Total unemployment rate >25 (2006)	3.6 (M) 4.5 (F)
% of people 18-59 living in jobless household (2006)	8.8
Poverty after all social transfer, 60% of median equivalised income (2005)	12
Poverty after pensions, 60% of median equivalised income (2005)	24
Poverty before social transfer, 60% of median equivalised income (2005)	43
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	26
Temporary employment (2006)	9

Social protection expenditure: % GDP(2004)	
Total expenditure	29.1
Old age and survivor	13.6
Sickness and health care	7.1
Family and children	3
Unemployment	1.7
Housing and social exclusion	0.5
Disability	2.3

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Guaranteed minimum income (Sozialhilfe Wenen)
Level of government responsible for the measure	Lander
Territorial variability of implementation	Yes, Lander
Financing 1: institutional level	Primarily the Länder, and different re-financing by the local communities to cover the expenses
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/ residence/previous contribution	Residence
- means test (individually, couple, family)	Yes, household
- age	No age requirement
Additional conditions (i.e. discretionary)	Depends on Lander
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	Entitlements to other social benefits and relating to maintenance payments must be exhausted
Amount	Regional differentiation. I.e. for single person €420-542.30 per month.
Relation between amounts	Different according to the systems of the individual Lander
Willingness to work	Yes. Exception: men over 65, women over 60
Social inclusion programs	No
Associated rights	Coverage of illness-related expenses. Housing and heating depends on Lander
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Compensation supplement (Ausgleichszulage)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Contribution
- means test (individual/couple/family)	Yes, couple income
- age	Retirement age
Duration of the benefits	Unlimited
Amount	Different amount depend on family income and composition of family. Single pensioners: €726.00 per month

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Invalidity pension (Invaliditätsrente)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	Reduction in capacity for work of 50%
- citizenship\residence or previous contribution	Contributions (60 insurance months within the last 120 calendar months; different for over 50)
- means test (individual/couple/family)	Means test for compensation supplement
- age	Working age
Duration of the benefits	Unlimited (24 months + 24 months + unlimited)
Amount	Depends on income and length of time insured

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment benefit (Arbeitslosengeld)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence /or previous contribution	Contribution: 52 weeks of insurance periods within the last 24 months (less for under 25)
- means test (individual/couple/family)	Yes
- age	Working age
Duration of the benefits	From 20 to 52 weeks depending on contribution period
Amount	Depends on previous earnings: 55% of daily net income (daily rate: min € 6.57 or €8.76, max €40.41)
Other unemployment measures	-Transitional benefit (Übergangsgeld) and transitional benefit after part-time for elder workers (Übergangsgeld nach Altersteilzeit) -Short-time working support for the employer in the event of short-time working (Kurzarbeitsunterstützung) -Bad weather compensation in the building sector (Schlechtwetterentschädigung) -Further training allowance (Weiterbildungsgeld) -Part-time allowance for elder workers (Altersteilzeitgeld)
Back to work conditions	Yes. First job refusal: entitlement is suspended during six weeks. After the first: loss of entitlement
Measure (2)	Unemployment assistance (Notstandshilfe)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence /or previous contribution	Contribution: 52 weeks of insurance periods within the last 24 months (less for under 25)
- means test (individual/couple/family)	Yes
- age	Working age
Duration of the benefits	Unlimited; will be granted for 52 weeks respectively
Amount	92% (in some cases 95%) of the basic amount of unemployment benefit
Back to work conditions	Yes. First job refusal: entitlement is suspended during six weeks. After the first: loss of entitlement

Belgium

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	67.9(M) 54.0(F)
Total unemployment rate >25 (2006)	6.2 (M) 7.9 (F)
% of people 18-59 living in jobless household (2006)	14.3
Poverty after all social transfer, 60% of median equivalised income (2005)	15
Poverty after pensions, 60% of median equivalised income (2005)	28
Poverty before social transfer, 60% of median equivalised income (2005)	42
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	15
Temporary employment (2006)	8.7

Social protection expenditure: % GDP(2004)	
Total expenditure	29.3
Old age and survivor	12.4
Sickness and health care	7.7
Family and children	2
Unemployment	3.5
Housing and social exclusion	0.5
Disability	1.9

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Right to the social integration (droit à l'intégration sociale) Including the Integration Income (revenue d'intégration/leefloon)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence /previous contribution	Residence
- means test (individually, couple, family)	Yes, individual
- age	18 (some exception: pregnant mother, emancipate minor, single looking after child)
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	The right to social integration, including the right to integration income is a residual right.
Amount	Different amount. Up to €644.48 monthly for single person living alone
Relations between the amounts	Person cohabiting: 100% (basic rate). Single person without dependent children: 150% of the basic rate. 1 child: + 24.59% of basic rate for two cohabiting persons. 2 children: + 55.19% of basic rate for two cohabiting persons. 3 children: + 91.76% of basic rate for two cohabiting persons.
Willingness to work	Yes
Social inclusion program	Yes
Associated rights	Family allowances. Heating allowance according to certain conditions set up by the Fuel Social Fund. Free voluntary sickness insurance.
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Guaranteed minimum pension (pension minimale garantie/gewaarborgd minimumpensioen)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
-citizenship\residence or previous contribution	Contribution
- means test (individual/couple/family)	Yes
- age	n.a.
Duration of the benefits	Unlimited
Amount	Single rate: €10,603.65 annual
Measure (2)	Guarantee of income for elder persons (garantie de revenus aux personnes âgées/inkomensgarantie voor ouderen)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Residence
- means test (individual/couple/family)	Yes, family and resident
- age	64
Duration of the benefits	Unlimited
Amount	Single: €9,545.48 per year

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Compulsory Insurance Act (Loi relative à l'assurance obligatoire soins de santé et indemnités)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	Minimum level of incapacity from work 66%
- citizenship/residence or previous contribution	Contribution
- means test (individual/couple/family)	n.a.
- age	n.a.
Duration of the benefits	Temporary or unlimited
Amount	40%-65% of the lost earnings. Min single €32.50 per day

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment insurance (assurance chômage/werkloosheidsverzekering)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
-citizenship/residence/ or previous contribution	Contribution
- means test (individual/ couple/family)	No
- age	
Duration of the benefits	Unlimited
Annual amount	Depends on previous earnings and family type. Single persons: in the 1st year 60% (min. €29,49); from 2nd year onwards 50% (max. €34.21)
Back to work conditions	Yes
Other unemployment measures	Pre-retirement pension on basis of collective agreements (pré-pension conventionnelle/conventioneel brugpensioen) in case of dismissal Partial unemployment: days or half days during which the execution of the work contract is suspended

Bulgaria

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	(M) (F)
Total unemployment rate >25 (2006)	(M) (F)
% of people 18-59 living in jobless household (2006)	11.6
Poverty after all social transfer, 60% of median equivalised income (2005)	15
Poverty after pensions, 60% of median equivalised income (2005)	n.a
Poverty before social transfer, 60% of median equivalised income (2005)	40
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	
Temporary employment (2006)	6.2

Social protection expenditure: % GDP(2004)	
Total expenditure	n.a
Old age and survivor	n.a
Sickness and health care	n.a
Family and children	n.a
Unemployment	n.a
Housing and social exclusion	n.a
Disability	n.a

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Monthly social allowance (Месечна социална помош)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Permanent residence
- means test (individually, couple, family)	Yes (single and family)
- age	No age requirement
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	Social allowances are granted to persons who have exhausted all possibilities for self-support
Amount	Depends on age and family type (i.e. single aged 25: up to 19 per month)
Relations between the amounts	Different relations. I.e. person over the age of 75 living alone: 165%; person under 65 living alone: 73%; child aged between 0-16 (up to 20 when studying): 75%
Social inclusion programs	Yes (employment programs)
Willingness to work	Yes
Associated rights	In some case it covers costs for some treatments abroad If a person meets the requirements he has the right to targeted monthly allowance for payment of rents for municipality lodgings and/or the right to targeted monthly allowances for heating
Taxation	Not taxable

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Minimum pension
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxes
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Previous contribution
- means test (individual/couple/family)	
- age	For men and for women
Duration of the benefits	Unlimited
Amount	€43 per month
Measure (2)	Social pension for old age (Социална пенсия за старост)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	
- means test (individual/couple/family)	Yes (income per member of family)
- age	Over 70
Duration of the benefits	Unlimited
Amount	€32 per month

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Invalidity pension (Пенсия за инвалидност)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- level of invalidity	Persons with reduced working capacity at least over 50%
- citizenship\residence or previous contribution	Contributions
- means test (individual/couple/family)	No
- age	No limit
Duration of the benefits	Granted for the term of the invalidity; unlimited if disabled persons have attained pensionable age
Amount	Group I: €50 per month Group II: €46 per month Group III: €37 per month
Measure (2)	Social invalidity Pension (Социална пенсия за инвалидност)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- level of invalidity	n.a.
- citizenship\residence or previous contribution	n.a.
- means test (individual/couple/family)	n.a.
- age	n.a.
Duration of the benefits	n.a.
Amount	Over 90% incapacity: €39 per month 71 to 90% incapacity: €35 per month

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	?
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Previous contribution
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Depends on previous contribution (min: 0-3 years, 4 months; max: over 25 years, 12 months)
Amount	60% of reference income. Min: €46 per month; Max: €92 per month.
Other unemployment measures	National Programme "Help for Retirement" (Помощ за пенсиониране) Unemployed benefits for older long-term unemployed persons
Back to work conditions	Yes

Cyprus

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	79.4 (M) 60.3 (F)
Total unemployment rate >25 (2006)	3.4 (M) 4.8 (F)
% of people 18-59 living in jobless household (2006)	4.9
Poverty after all social transfer, 60% of median equivalised income (2005)	16
Poverty after pensions, 60% of median equivalised income (2005)	22
Poverty before social transfer, 60% of median equivalised income (2005)	29
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	15
Temporary employment (2006)	13.1

Social protection expenditure: % GDP(2004)	
Total expenditure	17.8
Old age and survivor	8.5
Sickness and health care	4.2
Family and children	2
Unemployment	0.9
Housing and social exclusion	1.2
Disability	0.8

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Public Assistance (Δημόσιο Βοήθημα).
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	Individual and his/her family dependants
- citizenship/residence/ previous contribution	Residence
- means test (individually, couple, family)	Yes. Income of the claimant and claimant's dependants living in the same household (excluding income of persons under the age of 18). Members of the immediate family who do not share the claimant's home are expected to contribute towards the financial needs of the claimant, provided they satisfy certain income criteria
- age	No age requirement
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	It is a claim of last resort and is subsidiary to other claims
Amount	The guaranteed minimum amounts vary according to: number of dependants, age of dependant children, disability, claimant's (and family's) basic and special needs. The monthly allowances single person: €356
Relation between amounts	Beneficiary: 100% Beneficiary with a disability: 150% Dependant person under the age of 14 years: 30% 14 years or above: 50%
Willingness to work	Taking into account personal and family circumstances, healthy persons of working age are expected to seek "all work"
Social inclusion programs	No
Associated rights	Health care in public hospitals. Rent Allowance (Επίδομα Ενοικίου)
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Social Insurance Law (Νομοθεσία Κοινωνικών Ασφαλίσεων)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Contributions
- means test (individual/couple/family)	No
- age	Reteirment age
Duration of the benefits	Unlimited
Amount	85% of the full Basic Pension (Βασική Σύνταξη) (single person: €73 per week)
Measure (2)	<ul style="list-style-type: none"> - Social Pension (Κοινωνική Σύνταξη) - Special Allowance (Ειδική Χορηγία)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Residence (min years: 20)
- means test (individual/couple/family)	Yes
- age	Over 65
Duration of the benefits	Social Pension: 13 months Special Allowance: unlimited
Amount	Social Pension: Fixed amount of €269 per month Special Allowance: min. €66 per month

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	<ul style="list-style-type: none"> • Invalidity pension (Σύνταξη Ανικανότητας) • Partial invalidity (Μερική Ανικανότητα)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- level of invalidity	Invalidity pension: 100% reduction in working capacity (60% for ages 60-63); Partial invalidity 3 categories: minimum 60% reduced capacity (for ages 60-63)
- citizenship/residence or previous contribution	Contribution
- means test (individual/couple/family)	No
- age	No age requirement
Duration of the benefits	Until retirement age
Amount	Depends on amount of the earnings, number of years of insurance and degree of invalidity
Measure (2)	Special Allowance (Ειδική Χορηγία)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence or previous contribution	Residence
- means test (individual/couple/family)	Yes
- age	Retirement age
Duration of the benefits	Unlimited
Amount	Depends on the amount of the pension. Min: 66 €
4) UNEMPLOYMENT: BENEFITS	

Measure (1)	Basic Benefit (Βασικό Επίδομα)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution. The insured person has been insured for at least 26 weeks up to the date of unemployment
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	156 days
Amount	60% of the lower part of weekly average insurable earnings (€ 143 per week) over the benefit year
Other unemployment measures	Supplementary Benefit (Συμπληρωματικό Επίδομα)
Back to work conditions	Yes. Administrative penalties such as: Disqualification of benefit, suspension of benefit, refund of benefit

The Czech Republic

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	73.7 (M) 56.8(F)
Total unemployment rate >25 (2006)	4.8 (M) 7.9 (F)
% of people 18-59 living in jobless household (2006)	7.3
Poverty after all social transfer, 60% of median equivalised income (2005)	10
Poverty after pensions, 60% of median equivalised income (2005)	21
Poverty before social transfer, 60% of median equivalised income (2005)	39
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	22
Temporary employment (2006)	8.7

Social protection expenditure: % GDP(2004)	
Total expenditure	19.6
Old age and survivor	7.8
Sickness and health care	6.7
Family and children	1.6
Unemployment	0.7
Housing and social exclusion	0.6
Disability	1.5

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Social Assistance Benefit (Dávky sociální péče).
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Permanent residence and residence of three months (EU citizens)
- means test (individually, couple, family)	Yes, Household (family) or individual income, including social security benefits
- age	No age condition
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	No
Amount	Depends on age (adult basis: € 84 per month) and family type (one member: €71 per month)
Relation between the amounts	The household amount is increased on a sliding scale
Willingness to work	Yes, with the exception of children under 18 and adults over 65 years
Social inclusion programs	Striving to improve one's situation is a condition of entitlement to benefit. Social work with individuals or families precedes the grant of benefit
Associated rights	Health care is free of charge. Housing Allowance (Příspěvek na bydlení)
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Basic Amount (Základní složka) Basic Pension Insurance (Zákon o důchodovém pojištění)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Contribution
- means test (individual/couple/family)	No
- age	Retirement age
Duration of the benefits	Unlimited
Amount	Basic Amount (Základní složka): Flat-rate, €57 per month Percentage Amount (Procentní část): depends on earnings and the number of years of insurance

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	<ul style="list-style-type: none"> • Partial Invalidity (Částečná invalidita) • Full Invalidity (Plná invalidita)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution
Entitlement\ beneficiaries	
- level of incapacity	<ul style="list-style-type: none"> • Partial Invalidity: 33% reduction in capacity • Full Invalidity: reduced capacity for any economic activity of at least 66%
- citizenship/residence or previous contribution	Contribution, depends upon age when disability appears (from less than 20 less than 1 year to 28 plus 5 years)
- means test (individual/couple/family)	No
- age	<ul style="list-style-type: none"> • Working age
Duration of the benefits	Unlimited, the beneficiary can apply for old age pension at retirement age
Amount	Basic Amount: flat rate €57 per month Percentage Amount: depends on previous earnings and contribution

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Act on Employment (Zákon o zaměstnanosti)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution (12 months of working activity in the past 3 years)
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Depends on age: less than 50 years 6 months, more than 55 years and during retraining 12 months
Amount	First 3 months: 50% of reference earnings. The following three months: 45% of reference earnings. During retraining: 60% of reference earnings.
Other unemployment measures	Partial unemployment
Back to work conditions	Yes. When job-seeker infringes conditions he is suspended from the Employment Service register. Job-seeker can register again after 6 months. S/he must also return all benefits that do not belong to him/her

Denmark

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	81.2 (M) 73.4 (F)
Total unemployment rate >25 (2006)	2.6 (M) 4.0 (F)
% of people 18-59 living in jobless household (2006)	7.7
Poverty after all social transfer, 60% of median equivalised income (2005)	12
Poverty after pensions, 60% of median equivalised income (2005)	31
Poverty before social transfer, 60% of median equivalised income (2005)	39
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	29
Temporary employment (2006)	8.9

Social protection expenditure: % GDP(2004)	
Total expenditure	30.7
Old age and survivor	11.1
Sickness and health care	6.1
Family and children	3.9
Unemployment	2.8
Housing and social exclusion	1.7
Disability	4.1

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Kontanthjælp (Social assistance)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State (50%) and Municipalities (50%)
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Residence (7 of the last 8 years)
- means test (individually, couple, family)	Yes, The applicant and his children up to 18 years
- age	No
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	It is a last resort measure
Amount	Depends on age (under and over 25) and presence of childen. Single person over 25: 1,201 euro per month
Relations between the amounts	Single person: 60% of maximum unemployment benefit. Couple with joint children: 2 x 80% of maximum. Childless couple: 2 x 60% of minimum. Couple with children from another marriage: 1 x 80% of maximum + 1 x 60% of maximum, if the husband and wife have no children. If this is the case: 2 x 80% of the maximum
Willingness to work	Yes
Social inclusion programs	Re-training, flexible jobs, job training, education/training and other activation measures. Municipalities must offer a flexible job to the persons whose capacity for work is permanently reduced
Associated rights	Supplement for person with important accommodation costs
Taxation	Yes

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Social Pension (Folkepension)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Residence
- means test (individual/couple/family)	No
- age	Retirement age
Duration of the benefits	Unlimited
Amount	Depends on years of residence. Minimum: 200 euro per year; Maximum: 7,969 per year

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Social Pension as disability pension (førtidspension)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State and local authorities
Financing 2: type	Taxation
Entitlement\ beneficiaries:	
- invalidity level	Pensions since 1.1.2003: Permanently incapacity for work Pensions until 31.12.2002: 50% of invalidity
- citizenship\residence or previous contribution	Residence (at least 3 years)
- means test (individual/couple/family)	No
- age	18-65
Duration of the benefits	Unlimited
Amount	According to period of residence. Since 2003: if income does not exceed a certain level, DKK 177,636 (€ 23,823) per year for persons living alone and DKK 150,984 (€20,248) for married or co-habiting pensioners
4) UNEMPLOYMENT: BENEFITS	
Measure (1)	
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation and contribution
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution. Optional insurance
- means test (individual/couple/family)	No
- age	18-63
Duration of the benefits	4 years, with some exception
Amount	Depends on earnings and contribution
Back to work conditions	Yes. Suspension and expulsion

Estonia

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	71.0 (M) 65.3(F)
Total unemployment rate >25 (2006)	5.6 (M) 4.7 (F)
% of people 18-59 living in jobless household (2006)	18
Poverty after all social transfer, 60% of median equivalised income (2005)	24
Poverty after pensions, 60% of median equivalised income (2005)	39
Poverty before social transfer, 60% of median equivalised income (2005)	28
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	2.7
Temporary employment (2006)	8.7

Social protection expenditure: % GDP(2004)	
Total expenditure	13.4
Old age and survivor	5.8
Sickness and health care	4.2
Family and children	1.7
Unemployment	0.2
Housing and social exclusion	0.2
Disability	1.2

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Subsistence benefit (toimetulekutoetus)
Level of government responsible for the measure	State
Territorial variability of implementation	Yes
Financing 1: institutional level	State and local municipalities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Permanent residents
- means test (individually, couple, family)	Individual, while the household composition is taken into account
- age	No
Additional conditions (i.e. discretionary)	No
Duration of the benefits	Temporary. Renewed on a monthly basis
Possibility of cumulating with other social security benefits	All sources of income must be exhausted
Amount	Up to € 58 for single person. Local municipalities may grant supplementary benefits at their discretion
Relation between amount	Single person: 100%, each following household member: 80%
Willingness to work	Depends on local municipality
Social inclusion programs	Yes, rehabilitation or education programmes arranged by the local municipality
Associated rights	Aids for persons not covered by health insurance
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	National pension (Rahvapension)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State and local municipalities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Permanent Residents. And aliens residing in Estonia on particularly conditions
- means test (individual/couple/family)	No
- age	63
Duration of the benefits	Unlimited
Amount	€81
3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Pension for Incapacity for Work (Töövõimetuspension)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- invalidity level	40% reduction of capacity to work (2 degrees)
- citizenship\residence or previous contribution	Residence and contribution
- means test (individual/couple/family)	
- age	From 16 years
Duration of the benefits	Temporary. Max until pensionable age
Amount	Depend on insured period and level of invalidity. Min: €81

Measure (2)	National pension (Rahvapension)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State and local municipalities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- invalidity level	40% reduction of capacity to work
- citizenship\residence or previous contribution	Residence (1 year)
- means test (individual/couple/family)	No
- age	16
Duration of the benefits	Temporary. Max until pensionable age
Amount	€81
4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment Insurance Benefit (Töötuskindlustushüvitis)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Residence and contribution
- means test (individual/couple/family)	No
- age	Between 16 and pensionable age
Duration of the benefits	Depends on insurance period. 180/360 days
Amount	50% of previous earnings up to 100 days, 40% thereafter
Back to work conditions	Yes

Measure (2)	Unemployment Allowance (töötutoetus)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State and local municipalities
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Residence and contribution
- means test (individual/couple/family)	Yes
- age	Between 16 and pensionable age
Duration of the benefits	Max 270 days
Amount	€2.10 per day
Back to work conditions	No
Other employment measure	Continued payment of Unemployment Allowance (töötutoetus) up to the pensionable age

Finland

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	71.4 (M) 67.3(F)
Total unemployment rate >25 (2006)	5.8 (M) 6.6 (F)
% of people 18-59 living in jobless household (2006)	10.5
Poverty after all social transfer, 60% of median equivalised income (2005)	12
Poverty after pensions, 60% of median equivalised income (2005)	28
Poverty before social transfer, 60% of median equivalised income (2005)	40
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	16
Temporary employment (2006)	16.4

Social protection expenditure: % GDP(2004)	
Total expenditure	26.7
Old age and survivor	9.6
Sickness and health care	6.6
Family and children	3
Unemployment	2.5
Housing and social exclusion	0.8
Disability	3.4

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Toimeentulotuki
Level of government responsible for the measure	State
Territorial variability of implementation	Yes. Two categories in use according to the municipality classification
Financing 1: institutional level	Local authorities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
-citizenship/residence/ previous contribution	Residence
- means test (individually, couple, family)	Yes. Family
- age	No
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	Minimum income is complementary to all other subsistence allowances
Amount	Different amount (also depends on regional differentiation). Single person: €389.37/€372.62 per month
Relation between amount	The basic amount for a single person and the relations between the amounts are set by the Law on Social Assistance: single person: Basic amount A each spouse: 85% x A child over 17 years of age living with parents: 73% x A child 10-17 years: 70% x A child below 10 years: 63% x A
Willingness to work	Yes
Social inclusion programs	Some activating measures for long-term and young benefit-recipients
Associated rights	There are separate statutory housing allowances
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	National pension (<i>Kansaneläke</i>)
Level of government responsible for the measure	State
Territorial variability of implementation	Yes
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Residence
- means test (individual/couple/family)	Yes
- age	65
Duration of the benefits	Unlimited
Amount	Different amount. €445.12/€524.85 per month according to marital status, municipality and years of residence

Measure (2)	Special Assistance for Immigrants (Maahanmuuttajan erityistuki)
Level of government responsible for the measure	State
Territorial variability of implementation	Yes
Financing 1: institutional level	Local authorities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Residence (5 years)
- means test (individual/couple/family)	Yes
- age	65
Duration of the benefits	Unlimited
Amount	Different amount. €445.12/€524.85 per month according to marital status, municipality and years of residence
3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	- Disability pension (Työkyvyttömyyseläke) - Partial disability pension (Osatyökyvyttömyyseläke)
Level of government responsible for the measure	State
Territorial variability of implementation	Yes
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	- Disability pension: no more than 2/5 of working capacity left - Partial disability pension: no more than 3/5 of working capacity left
- citizenship\residence or previous contribution	Contribution
- means test (individual/couple/family)	n.a.
- age	16
Duration of the benefits	- Disability pension Until 63-65 years - Partial disability pension: Temporary. Depend on time of rehabilitation
Amount	- Disability pension Flate rate amount (cfr. National pension) - Partial disability pension: 50% of the full disability pension

Measure (2)	Special Assistance for Immigrants (Maahanmuuttajan erityistuki)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	Yes
Financing 1: institutional level	Local authorities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- invalidity level	Cfr. invalidity measure (1)
- citizenship/residence or previous contribution	Contribution and at least 5 years residence in Finland
- means test (individual/couple/family)	Yes
- age	16
Duration of the benefits	Cfr. invalidity measure (1)
Amount	Different amount. €445.12 - €524.85 a month according to marital status and municipality
4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Basic unemployment allowance (peruspäiväraha)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution and residence
- means test (individual/couple/family)	No
- age	17-64
Duration of the benefits	500 calendar days. Different for who has reached the age of 57
Amount	€23.91 per day
Other unemployment measures	Earnings-related unemployment allowance (ansioperusteinen työttömyyspäiväraha) (optional insurance)
Back to work conditions	Yes

Measure (2)	Labour market support (työmarkkinatuki)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Residence
- means test (individual/couple/family)	Yes
- age	Working age
Duration of the benefits	Unlimited
Amount	€23.91 per day
Back to work conditions	Yes

France

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	68.5 (M) 57.7 (F)
Total unemployment rate >25 (2006)	7.0 (M) 8.8 (F)
% of people 18-59 living in jobless household (2006)	10.9
Poverty after all social transfer, 60% of median equivalised income (2005)	13
Poverty after pensions, 60% of median equivalised income (2005)	26
Poverty before social transfer, 60% of median equivalised income (2005)	45
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	16
Temporary employment (2006)	13.5

Social protection expenditure: % GDP(2004)	
Total expenditure	31.2
Old age and survivor	12.8
Sickness and health care	8.8
Family and children	2.5
Unemployment	2.3
Housing and social exclusion	1.3
Disability	1.7

The overall income protection system: description of the different measures

1) MINIMUM INCOME											
Measure (1)	Revenu Minimum d'Insertion (RMI)										
Level of government responsible for the measure	State										
Territorial variability of implementation	No										
Financing 1: institutional level	State										
Financing 2: type	Taxation										
Entitlement\ beneficiaries											
- citizenship/ residence/ previous contribution	Lasting and regular residence										
- means test (individually, couple, family)	Yes, household (dependants under 25 years)										
- age	From 25, but also under 25 who have to support child										
Additional conditions (i.e. discretionary)											
Duration of the benefits	Three months, possibility to be extended for periods of between three months and one year										
Possibility of cumulating with other social security benefits	Yes										
Amount	Single person: euro 440.86 per month										
Relations between the amounts	<table border="0"> <tr> <td>Single person:</td> <td>100%</td> </tr> <tr> <td>Couple with no children:</td> <td>+ 50%</td> </tr> <tr> <td>Couple + 1st child:</td> <td>+ 30%</td> </tr> <tr> <td>Couple + 2nd child:</td> <td>+ 30%</td> </tr> <tr> <td>Couple + 3rd child:</td> <td>+ 40%</td> </tr> </table>	Single person:	100%	Couple with no children:	+ 50%	Couple + 1st child:	+ 30%	Couple + 2nd child:	+ 30%	Couple + 3rd child:	+ 40%
Single person:	100%										
Couple with no children:	+ 50%										
Couple + 1st child:	+ 30%										
Couple + 2nd child:	+ 30%										
Couple + 3rd child:	+ 40%										
Willingness to work	Yes										
Social inclusion programs	Yes, Integration contract (Contrat d'insertion)										
Associated rights	Yes, social housing allowance										
Taxation	No										

2) OLD AGE: MINIMUM PENSION	
Measure (1)	General scheme for employees (Régime général d'assurance vieillesse des travailleurs salariés, RGAVTS)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Contribution
- means test (individual/couple/family)	No
- age	Retirement age
Duration of the benefits	Unlimited
Amount	7,301.64 per year. Increased minimum for periods of effective contributions

Measure (2)	Solidarity allowance for old people (allocation de solidarité aux personnes âgées)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Residence
- means test (individual/couple/family)	Yes
- age	At least 65 years (60 years in case of incapacity to work)
Duration of the benefits	Unlimited
Amount	Maximum: Single beneficiary: € 7,635.53 per year. Couple: €13,374.16 per year
3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	General scheme for employees (Régime général d'assurance maladie des travailleurs salariés, RGAMTS)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries:	
- invalidity level	Minimum: 66.66%
- citizenship\residence or previous contribution	Contribution
- means test (individual/couple/family)	No
- age	Until retirement age
Duration of the benefits	Until retirement age
Amount	Depends on previous earnings and category of incapacity

Measure (2)	Allowance for handicapped adults (allocation aux adultes handicapés, AAH)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries:	
- invalidity level	At least 80% of disability or acknowledged unable to secure employment
- citizenship\residence or previous contribution	n.a.
- means test (individual/couple/family)	Yes
- age	20-60
Duration of the benefits	Unlimited, until 60 years
Amount	Up to €621.27 per month
4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment insurance (assurance chômage)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution (at least 6 in the last 22 months)
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	7-36 months
Amount	Depends on previous contribution
Back to work conditions	Yes

Measure (2)	Unemployment assistance (régime de solidarité)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	n.a. (no contribution)
- means test (individual/couple/family)	Yes
- age	Working age
Duration of the benefits	6 months, renewable.
Amount	Depends on means test
Other unemployment measures	
Back to work conditions	Yes

Germany

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	72.8 (M) 61.5 (F)
Total unemployment rate >25 (2006)	6.8 (M) 8.2 (F)
% of people 18-59 living in jobless household (2006)	10.6
Poverty after all social transfer, 60% of median equivalised income (2005)	13
Poverty after pensions, 60% of median equivalised income (2005)	24
Poverty before social transfer, 60% of median equivalised income (2005)	44
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	17
Temporary employment (2006)	14.5

Social protection expenditure: % GDP(2004)	
Total expenditure	29.5
Old age and survivor	12.4
Sickness and health care	7.7
Family and children	3
Unemployment	2.4
Housing and social exclusion	0.7
Disability	2.2

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Social Assistance (Sozialhilfe)
Level of government responsible for the measure	State, Lander
Territorial variability of implementation	Yes
Financing 1: institutional level	State, Lander
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Residence
- means test (individually, couple, family)	Yes (individual or members of a household unit)
- age	No age condition
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	No
Annual amount	Single person: €345 per month. Possible implementations by Lander
Relation between amount	The amounts of the standard rates (Regelsätze) vary according to the age and the beneficiary's position in the household: 100% basic standard rate (Eckregelsatz) for the head of the household as well as for a person living alone, 60% for members of the household aged under 14, 80% for members of the household aged 14 and above. The standard rate amounts to 90% if spouses or cohabitants are living together. If the costs for housing were to be included, the picture would be different
Willingness to work	Yes
Social inclusion programs	The assistance includes information and, if necessary, preparation of contacts and the assistance of an accompanying person to visit the social services and occasions of active participation in community life including social commitment
Associated rights	Health. Household and Heating.
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Pension supplement in old age (Grundsicherung im Alter und bei Erwerbsminderung)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Usual residence
- means test (individual/couple/family)	Yes (individual)
- age	65
Duration of the benefits	Unlimited
Annual amount	Single person: €345 per month
3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Partial incapacity (Teilweise Erwerbsminderung) Total incapacity (Volle Erwerbsminderung)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	Partial incapacity: capacity for any work between 3 and 6 hours a day Total incapacity: capacity for any work less than 3 hours a day
- citizenship\residence or previous contribution	Previous contribution
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Until retirement age (and then old age pension)
Annual amount	Depend on contribution

Measure (2)	Pension supplement in the event of reduced earning capacity (Grundsicherung im Alter und bei Erwerbsminderung)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- invalidity level	Permanently incapable of work for medical reasons
- citizenship/residence or previous contribution	Usual residence
- means test (individual/couple/family)	Yes (individual)
- age	18
Duration of the benefits	Unlimited
Annual amount	Single person: €345 per month
4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment insurance (Arbeitslosenversicherung)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions
Entitlement\ beneficiaries	
- citizenship/residence/ or previous contribution	Previous contribution
- means test (individual/couple/family)	No
- age	15-65
Duration of the benefits	Depends on the duration of compulsory insurance coverage and on the age of the beneficiary
Annual amount	60-67% of previous earnings
Back to work conditions	Yes
Other unemployment measures	Unemployment benefit II (Arbeitslosengeld II)
Measure (2)	Basic resources for jobseekers (Grundsicherung für Arbeitsuchende)

Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ or previous contribution	Usual residence
- means test (individual/couple/family)	Yes
- age	15-65
Duration of the benefits	n.a.
Amount	Single person: €345 per month. Plus benefit depend on social condition.
Back to work conditions	Yes

Greece

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	74.6 (M) 47.4(F)
Total unemployment rate >25 (2006)	4.6 (M) 11.6 (F)
% of people 18-59 living in jobless household (2006)	8.1
Poverty after all social transfer, 60% of median equivalised income (2005)	20
Poverty after pensions, 60% of median equivalised income (2005)	23
Poverty before social transfer, 60% of median equivalised income (2005)	39
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	24
Temporary employment (2006)	10.7

Social protection expenditure: % GDP(2004)	
Total expenditure	26
Old age and survivor	12.8
Sickness and health care	6.7
Family and children	1.7
Unemployment	1.5
Housing and social exclusion	1.2
Disability	1.3

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	No Measure

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Minimum pension
Basic principles	
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation and contributions
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Contribution
- means test (individual/couple/family)	No
- age	Retirement age
Duration of the benefits	Unlimited
Amount	Insured before 1993: 445.37 per month. Insured after 1993: 453.71 per month
3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- level of invalidity	Minimum 50%
- citizenship\residence or previous contribution	Contribution
- means test (individual/couple/family)	No
- age	No
Duration of the benefits	The pensioner can decide whether to ask or not the conversion of his invalidity pension into an old-age pension
Amount	Depends on level of incapacity, amount of the wage and number of insured years

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution (At least 125 days of work during the 14 months preceding job loss or, at least, 200 days of work during the 2 years preceding job loss For first time claimants, at least 80 days of work per year during the 2 previous years)
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Generally proportional to periods of employment: from 125 days 5 months to 250 days 12 months.
Amount	Manual workers: 40% of daily wage White-collar workers: 50% of monthly wage
Other unemployment measures	
Back to work conditions	The unemployment benefit is suspended when the beneficiary does not react after 3 calls from the employment agency for a job offer or for a vocational training opportunity

Hungary

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	63.8 (M) 51.1 (F)
Total unemployment rate >25 (2006)	6.1 (M) 6.9 (F)
% of people 18-59 living in jobless household (2006)	11.6
Poverty after all social transfer, 60% of median equivalised income (2005)	13
Poverty after pensions, 60% of median equivalised income (2005)	29
Poverty before social transfer, 60% of median equivalised income (2005)	50
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	17
Temporary employment (2006)	6.7

Social protection expenditure: % GDP(2004)	
Total expenditure	20.7
Old age and survivor	8.6
Sickness and health care	6
Family and children	2.5
Unemployment	0.6
Housing and social exclusion	0.5
Disability	2.1

The overall income protection system: description of the different measures

1) <i>MINIMUM INCOME</i>	
Measure (1)	No general scheme

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Minimum Old-age Pension (Öregségi nyugdíj)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Contributions (no less than 20 years)
- means test (individual/couple/family)	No
- age	Retirement age
Duration of the benefits	Unlimited
Amount	€107 per month
Measure (2)	Old-age Allowance (időskorúak járadéka)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State 90%, local authorities 10%
Financing 2: type	Taxations
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	n.a.
- means test (individual/couple/family)	Yes, individual and spouse
- age	Retirement age (62 years)
Duration of the benefits	Unlimited
Amount	To reach 80% of the minimum Old-age Pension (Öregségi nyugdíj) per person for a couple or 95% for a single person

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Invalidity Pension (Rokkantsági nyugdíj)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- level of invalidity	3 classes of invalidity: Minimum level of incapacity: 67%
- citizenship\residence or previous contribution	Contribution (depends upon the age of the person when the invalidity emerged)
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Unlimited
Amount	Depends on age at outset of invalidity, insurance period, and class of invalidity (min from 107 to 116€)
Measure (2)	Regular Social Benefit (Rendszeres szociális segély)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State 90%, 10% local level
Financing 2: type	Taxations
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	At least 67% working capacity or entitled to blind person's allowance or disability assistance
- means test (individual/couple/family)	Yes, individual income or per capita income
- age	n.a.
Duration of the benefits	Unlimited
Amount	Supplements actual income to reach 80% of the minimum Old-age Pension (Öregségi nyugdíj) per person: €85 monthly

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Job-seeker Benefit (Álláskeresési járadék)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution (be employed for at least 365 days during the previous 4 years)
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	1 day is paid for every 5 days of being employed, up to a max of 270 days
Amount	The gross average salary of the previous 4 calendar quarters In phase one (half of the period) 60% of the beneficiary's earlier average wage, with min €121 (max €241)
Other unemployment measures	Job-seeker Aid (Álláskeresési segély) Entrepreneurial Benefit (Vállalkozói járadék) Job-seeker Aid (Álláskeresési segély) for older persons
Back to work conditions	Yes

Ireland

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	77.7 (M) 59.3 (F)
Total unemployment rate >25 (2006)	3.7 (M) 3.3 (F)
% of people 18-59 living in jobless household (2006)	7.9
Poverty after all social transfer, 60% of median equivalised income (2005)	20
Poverty after pensions, 60% of median equivalised income (2005)	32
Poverty before social transfer, 60% of median equivalised income (2005)	40
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	16
Temporary employment (2006)	3.4

Social protection expenditure: % GDP(2004)	
Total expenditure	17
Old age and survivor	3.8
Sickness and health care	6.9
Family and children	2.5
Unemployment	1.3
Housing and social exclusion	0.9
Disability	0.9

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Supplementary Welfare Allowance
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence /previous contribution	Residence
- means test (individually, couple, family)	Yes, income of the household
- age	from 18 years
Additional conditions (i.e. discretionary)	Local Community Welfare Officers have a certain degree of discretion in relation to individual cases, particularly in the case of clients with special needs
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	Claims to other benefits must normally be exhausted, however, if state of need still exists with those benefits, the allowance may also be paid in full or in part. An allowance may also be made on an interim basis pending processing of other benefits claims
Amount	Depends on family type and earnings. (Single person: €805 monthly)
Relation between amount	Single person: 100% 2nd adult of couple: + 66% 1st child (incl. family benefits): + 30% 2nd child (incl. family benefits): + 30% 3rd child (incl. family benefits): + 35%
Willingness to work	No. The unemployed will normally be entitled to an unemployment payment as distinct from a supplementary welfare allowance
Social inclusion programs	Back to Work Allowance. Back to Education Allowance
Associated rights	No direct rights. However people may qualify for medical service and rent supplement
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	-Retirement Pension (Transition) -Old Age (Contributory) Pension
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and Taxation
Entitlement\ beneficiaries	
- citizenship/residence /previous contribution	Contribution
- means test (individually, couple, family)	Yes
- age	Retirement age: 65/66 years
Duration of the benefits	Unlimited
Amount	- Retirement Pension: €205.20 per week - Old Age (Contributory) Pension: €104.70 per week
Measure (2)	Old Age Non-Contributory Pension
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence /previous contribution	Residence
- means test (individually, couple, family)	Yes
- age	Retirement age
Duration of the benefits	Unlimited
Amount	Up to €182 per week maximum

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Invalidity pension
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- level of invalidity	Permanently incapable of work
- citizenship/residence /previous contribution	Contribution
- means test (individually, couple, family)	No
- age	Over 16
Duration of the benefits	Until retirement age (65)
Amount	Flat-rate amounts €191.30 weekly for under 65; €209.30 if aged 65
Measure (2)	Disability Allowance
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- level of invalidity	Person with disability that is expected to last for at least a year from its onset
- citizenship/residence /previous contribution	n.a. (non contributory)
- means test (individually, couple, family)	Yes
- age	n.a.
Duration of the benefits	n.a.
Amount	€165.80 weekly

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Insurance Unemployment
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contributions
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	390 days (312 days if applicant has paid less than 260 weekly contributions; if applicant is 65, the allowance will be paid until 66)
Amount	Flat-rate benefit: €185.80 per week
Other unemployment measures	Systematic short time working insurance Part Time Working assistance Part Time Working assistance Pre-Retirement Allowance
Back to work conditions	Yes

Measure (2)	Assistance
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Residence
- means test (individual/couple/family)	Yes
- age	Working age
Duration of the benefits	Unlimited until retirement age
Amount	€185.80 per week.
Back to work conditions	Yes

Italy

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	70.5 (M) 46.3(F)
Total unemployment rate >25 (2006)	4.3 (M) 7.4 (F)
% of people 18-59 living in jobless household (2006)	9.2
Poverty after all social transfer, 60% of median equivalised income (2005)	19
Poverty after pensions, 60% of median equivalised income (2005)	24
Poverty before social transfer, 60% of median equivalised income (2005)	43
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	26
Temporary employment (2006)	13.1

Social protection expenditure: % GDP(2004)	
Total expenditure	26.1
Old age and survivor	15.4
Sickness and health care	6.5
Family and children	1.1
Unemployment	0.5
Housing and social exclusion	0.1
Disability	1.5

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Minimum income (Reddito di base o reddito di cittadinanza)
Level of government responsible for the measure	Regional
Territorial variability of implementation	Only few regions have implemented it; the criteria are formulated at the regional level
Financing 1: institutional level	Regional
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Non contributory; residence in the region
- means test (individual/couple/family)	Family
- age	Adult and old age
Additional conditions (i.e. discretionary)	Depends on regions
Duration of the benefits	Temporary
Possibility of cumulating with other social security benefits	Generally the gain of other supplementary benefit allowances doesn't cause the suspension of the allocation of the subsistence level.
Amount	The amounts vary from region to region and are differentiated according to the number of family members.
Relation between amount	Yes. Depends on regions
Willingness to work	Depends on regions
Social inclusion programs	Depends on regions
Associated rights	Depends on regions
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Minimum Pension (Pensione minima)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Previous contribution
- means test (individual/couple/family)	Yes, couple income
- age	65
Duration of the benefits	Unlimited
Amount	Up to €5,669.82
Measure (2)	Social pension (Assegno sociale)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Residence
- means test (individual/couple/family)	Yes, couple income
- age	65
Duration of the benefits	Unlimited
Amount	€5,061.68

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	<ul style="list-style-type: none"> • Invalidity allowance (Assegno ordinario di invalidità) • Incapacity pension (Pensione di inabilità)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries:	
- invalidity level	Workers with at least 60% working capacity reduction (Invalidity allowance) or 100% (Incapacity pension)
- citizenship/residence /previous contribution	Previous contribution (5 years)
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Until retirement age (and then old age pension)
Amount	Depends on previous earnings and contribution
Measure (2)	Pensions for disabled civilians (Pensioni agli invalidi civili)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries:	
- citizenship/residence /previous contribution	Residence
- means test (individual/couple/family)	Yes (individual)
- age	Working age
Duration of the benefits	Until retirement age (and then social pension)
Amount	Flat rate, depends on type of disability

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Ordinary unemployment benefit (indennità ordinaria di disoccupazione)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Previous contribution
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Temporary: 210/300 days
Amount	50% (for the first 6 months, 40% for the 7th) of previous pay with a monthly ceiling of €819/985
Other unemployment measures	Categorical measures: <ul style="list-style-type: none"> - Special unemployment benefits /(trattamenti speciali di disoccupazione) - Mobility allowances (indennità di mobilità) - Ordinary earnings supplements (cassa integrazione guadagni ordinaria) - extraordinary earnings supplements (cassa integrazione guadagni straordinaria)
Back to work conditions	Yes

Latvia

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	70.4 (M) 62.4 (F)
Total unemployment rate >25 (2006)	6.9 (M) 5.2 (F)
% of people 18-59 living in jobless household (2006)	6.8
Poverty after all social transfer, 60% of median equivalised income (2005)	19
Poverty after pensions, 60% of median equivalised income (2005)	26
Poverty before social transfer, 60% of median equivalised income (2005)	40
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	31
Temporary employment (2006)	7.1

Social protection expenditure: % GDP(2004)	
Total expenditure	12.6
Old age and survivor	6.1
Sickness and health care	3
Family and children	1.3
Unemployment	0.4
Housing and social exclusion	0.2
Disability	1.2

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Guaranteed Minimum income Benefit (Pabalsts garantētā minimālā ienākuma līmeņa nodrošināšanai)
Level of government responsible for the measure	State
Territorial variability of implementation	Yes
Financing 1: institutional level	Municipalities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Residence in administrative territory of respective local authority
- means test (individual/couple/family)	Yes
- age	No age requirement
Additional conditions (i.e. discretionary)	
Duration of the benefits	3 months, renewable for a period no longer than 9 months per year
Possibility of cumulating with other social security benefits	All other resources must have been exhausted
Amount	Up to €39 for single
Relation between amount	The amount of the benefit is the same for each person, except that total benefit amount is not higher than LVL 135 (€193) per family
Willingness to work	Yes, unemployed beneficiaries capable of work are obliged to register at the State Employment Service, seek work and accept suitable offers of work
Social inclusion programs	The beneficiaries are obliged to co-operate with social workers in order to overcome the situation
Associated rights	Local municipality benefit for housing
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	State Social Security Benefit (Valsts sociālā nodrošinājuma pabalsts)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	Municipalities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Citizenship and permanent residence (5 years)
- means test (individual/couple/family)	Yes
- age	5 years older than statutory pensionable age
Duration of the benefits	Unlimited
Amount	€64 per month

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- invalidity level	25% reduction in capacity (3 categories)
- citizenship/residence/previous contribution	Contribution (minimum 3 years)
- means test (individual/couple/family)	Yes
- age	16
Duration of the benefits	Until retirement age
Amount	Category I: 1.6 x State Social Security Benefit Category II: 1.4 x State Social Security Benefit Category III: State Social Security Benefit (€64 per month)
Measure (2)	State Social Security Benefit (Valsts sociālā nodrošinājuma pabalsts)
Level of government responsible for the measure	State
Territorial variability of implementation	Yes
Financing 1: institutional level	Municipalities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- invalidity level	Disable
- citizenship/residence/previous contribution	Citizens and permanent residents (minimum 5 years)
- means test (individual/couple/family)	Yes
- age	18
Duration of the benefits	Until retirement age
Amount	€64 per month (€72 for invalidity from birth)

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment Benefit (Bezdarbnieka pabalsts)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution
- means test (individual/couple/family)	No
- age	n.a.
Duration of the benefits	9 months
Annual amount	Depends on the insurance period and the income from which unemployment contributions are paid (decrease over the 9 months)
Back to work conditions	No
Other unemployment measures	No

Lithuania

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	66.3 (M) 61.0 (F)
Total unemployment rate >25 (2006)	5.4 (M) 5.1 (F)
% of people 18-59 living in jobless household (2006)	7
Poverty after all social transfer, 60% of median equivalised income (2005)	21
Poverty after pensions, 60% of median equivalised income (2005)	26
Poverty before social transfer, 60% of median equivalised income (2005)	42
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	28
Temporary employment (2006)	4.5

Social protection expenditure: % GDP(2004)	
Total expenditure	13.3
Old age and survivor	6.1
Sickness and health care	3.8
Family and children	1.1
Unemployment	0.2
Housing and social exclusion	0.3
Disability	1.3

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Social Benefit (Socialinė pašalpa)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Permanent residence
- means test (individual/couple/family)	Yes, family
- age	No age requirement
Additional conditions (i.e. discretionary)	
Duration of the benefits	3 months. Possibility of renewed
Possibility of cumulating with other social security benefits	Yes, some benefits are considered for means test
Amount	Different amount depends on income per family member. Up to 53 € for single.
Relation between amount	The same rate for each person.
Willingness to work	Yes, refusal of job, training, public duties or works supported by Employment Fund may lead to suspension or refusal of granting Social Benefit.
Social inclusion programs	No
Associated rights	Reimbursement for Cost of House Heating and Hot and Cold Water
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Social Assistance Benefits (Šalpos pensija)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Permanent residence
- means test (individual/couple/family)	Yes
- age	Retirement age
Duration of the benefits	Unlimited
Amount	Depends on social insurance basic pension fixed by the Government
3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Lost Working Capacity Pension (Neteko darbingumo pensija)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	45% reduction in capacity for work
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	n.a.
- age	n.a.
Duration of the benefits	Until retirement age
Amount	The basic part of the amount depends on the basic social insurance pension.

Measure (2)	Social Assistance Benefits (Šalpos pensija)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- invalidity level	60% reduction in capacity for work
- citizenship/residence/ previous contribution	Permanent residence
- means test (individual/couple/family)	Yes
- age	No age requirement
Duration of the benefits	n.a.
Amount	Amount depends on social insurance basic pension fixed by the Government. Average Social Assistance Pension is €58 per month.
4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment Insurance Benefit (Nedarbo draudimo išmoka)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	Not receiving sickness or/and maternity (paternity) nor social insurance pension benefits
- age	Working age
Duration of the benefits	Depends on the length of the service record (from 6 months for less than 25 years to 9 months for 35 years and over)
Amount	For the first 3 months of unemployment: the State Supported Income of € 45 + variable component linked with the former insured income. After the variable component is reduced of 50%
Back to work conditions	Yes
Other unemployment measures	Prolongation of payment of Unemployment Insurance Benefit (Nedarbo draudimo išmoka) for older un-employed persons

Luxemburg

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	72.6 (M) 54.6 (F)
Total unemployment rate >25 (2006)	2.5 (M) 5.5 (F)
% of people 18-59 living in jobless household (2006)	6.7
Poverty after all social transfer, 60% of median equivalised income (2005)	13
Poverty after pensions, 60% of median equivalised income (2005)	23
Poverty before social transfer, 60% of median equivalised income (2005)	40
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	18
Temporary employment (2006)	6.1

Social protection expenditure: % GDP(2004)	
Total expenditure	22.6
Old age and survivor	8.1
Sickness and health care	5.5
Family and children	3.8
Unemployment	1
Housing and social exclusion	0.6
Disability	3

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Guaranteed minimum income (Revenu Minimum Garanti)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	- citizenship/residence/ previous contribution
- means test (individual/couple/family)	- means test (individual/couple/family)
- age	- age
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	To assert their rights to social allowances and to alimentary claims
Social inclusion program	Yes, an integration allowance is granted when the beneficiary signs an integration contract, takes part in an integration activity and accepts any job assigned by the employment administration.
Amount	Different amount. Person living alone € 1,184.54 per month (excluding family allowances)
Relation between amount	Single person: 100% 2nd adult of couple: + 50% 1st child (incl. family benefits or average age): + 19% 2nd child (incl. family benefits for average age): + 22% 3rd child (incl. family benefits for average age): + 21%
Willingness to work	Yes
Associated rights	Membership of sickness insurance For rent: maximum a contribution of 124 €
Taxation	Yes

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Minimum pension (pension minimale)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	
- age	65
Duration of the benefits	Unlimited
Amount	Depends on years of contribution and earnings. The minimum pension for 40 years of insurance is €1,387.12 per month. The pension is reduced by 1/40 for each missing year.
3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Social Insurance Code (Code des assurances sociales)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	No minimum level
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	n.a.
- age	Until 65
Duration of the benefits	Max: until 65. Replaced by old-age pension (pension de vieillesse)
Amount	Depends on insurance years and previous earnings. (Min: cfr. Old age)
4) UNEMPLOYMENT: BENEFITS	

Measure (1)	Unemployment benefit (indemnité de chômage)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Special tax plus state subsidy
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	No
- age	n.a.
Duration of the benefits	365/547/912 days
Amount	80/85% of reference earnings
Back to work conditions	Yes
Other unemployment measures	Pre-retirement compensation (indemnité de préretraite) Short-time working or 2 or more days of unemployment in a normal working week

Malta

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion Eurostat e Missoc:	
Total employment rate 15-64 (2006)	74.5 (M) 34.9 (F)
Total unemployment rate >25 (2006)	4.4 (M) 6.7 (F)
% of people 18-59 living in jobless household (2006)	6.7
Poverty after all social transfer, 60% of median equivalised income (2005)	15
Poverty after pensions, 60% of median equivalised income (2005)	21
Poverty before social transfer, 60% of median equivalised income (2005)	37
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	15
Temporary employment (2006)	3.8

Social protection expenditure: % GDP(2004)	
Total expenditure	18.8
Old age and survivor	9.5
Sickness and health care	5
Family and children	1
Unemployment	1.3
Housing and social exclusion	0.5
Disability	1.2

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Social Assistance (Ghajnuna Socjali)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxations
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Citizenship, permanent residence
- means test (individual/couple/family)	Yes, household
- age	18-60
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	Other Social Security benefits may be combined such as Unemployment Benefit and Special Unemployment Benefit but Special Unemployment Benefit may be awarded after satisfying capital assets and income means tests.
Amount	Different amount. Up to €359 per month for single person
Relation between amount	No strict relation between amounts - this varies since the base rate changes annually while the extra amount paid for each additional member in the household is constant.
Willingness to work	Yes
Social inclusion program	Yes
Associated rights	Free hospital services and free pharmaceutical products. Rent allowance
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Pensions Ordinance (Ordinanza tal-Pensjonijiet)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	
- age	61-65
Duration of the benefits	Unlimited
Amount	Minimum pension for single person per week: €100
Measure (2)	Age Pension (Penzjoni ta' l-Eta)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	n.a.
- means test (individual/couple/family)	Yes, household
- age	60
Duration of the benefits	Unlimited
Amount	The guaranteed minimum is €111 per week.

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Invalidity pension (Pensjoni tal-Invalidita')
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	Preventing persons from engaging in suitable full-time or regular part-time employment or as self-employment/ occupied person for at least 3 years from date of claim
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	n.a.
- age	Until pensionable age
Duration of the benefits	Max: until pensionable age
Amount	Depends on contribution and years of affiliation. Minimum pension for single person per week: €77 euro. Lower rate of benefit is paid to a person in receipt of a service pension (Pensjoni tas-Servizz)
Measure (2)	Social insurance invalidity pension (Assistenza Socjali)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	incapable of work by reason of a serious disease or bodily/mental impairment
- citizenship/residence/ previous contribution	n.a.
- means test (individual/couple/family)	Yes
- age	n.a.
Duration of the benefits	n.a.
Amount	Guaranteed minimum: €83

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment benefit (Beneficcjughal dizimpjeg)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution
- means test (individual/couple/family)	No
- age	n.a.
Duration of the benefits	156 days
Amount	Single: €6.48 per day
Back to work conditions	Yes
Other unemployment measures	Special Unemployment Benefit (Beneficcju specjali ghal dizimpjeg)

The Netherlands

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	80.9 (M) 67.7 (F)
Total unemployment rate >25 (2006)	3.1 (M) 3.8 (F)
% of people 18-59 living in jobless household (2006)	7.4
Poverty after all social transfer, 60% of median equivalised income (2005)	11
Poverty after pensions, 60% of median equivalised income (2005)	22
Poverty before social transfer, 60% of median equivalised income (2005)	37
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	29
Temporary employment (2006)	16.6

Social protection expenditure: % GDP(2004)	
Total expenditure	28.5
Old age and survivor	11.1
Sickness and health care	8.1
Family and children	1.3
Unemployment	1.7
Housing and social exclusion	1.6
Disability	2.9

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	General non contributory minimum income (Algemene Bijstand)
Level of government responsible for the measure (criteria definition)	State In addition, local municipalities can provide other allowances
Territorial variability of implementation	Related to the Municipal additional allowances
Financing 1: institutional level	Primarily the Länder, and different re-financing by the local communities to cover the expenses
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Residence
- means test (individual/couple/family)	Yes, family income (claimant, partner and children below 18)
- age	From 18 years. People aged 21 or 22 may receive less benefits if the municipalities find that full benefit makes employment financially unattractive
Additional conditions (i.e. discretionary)	Medical and social circumstances are taken into account
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	It is provided as a last resort (safety net). If a person receives social benefits, income from work etc., it is topped up to the relevant assistance level
Amount	Linked to minimum wage. Municipalities may award a supplementary allowance of no more than 20% of the net minimum wage (€235.25)
Relation between amount	Couples aged 21 to 65: 100% of the net minimum wage (€1,176.25). Lone parents aged 21 to 65: 70% of the net minimum wage (€823.38) (*) Single persons aged 21 to 65: 50% of the net minimum wage (€588.13) (*) An additional 8% is paid as a holiday allowance
Willingness to work	Yes, except for parents taking care of children below 5 year (or of older children depending on individual circumstances). Unemployed aged 57.5 or more are not expected to attend job interviews but must accept suitable employment if it is offered and must be registered at the Centre for Work and Income. If the claimant refuses to co-operate with an action plan, the social services can impose sanctions (cut or complete suspension of the benefit).
Social inclusion programs	Plan of action for job interview courses, the acquisition of work experience and participation in social integration programmes. Part of the earning from (part-time) employment is not taken into account in order to stimulate finding employment.
Associated rights	Whereas in general housing cost should be covered by the granted amount, in certain cases a person may be eligible for rent subsidy. In addition to national and additional allowances, there is special assistance (bijzondere bijstand): payments to families with exceptional needs. Aid is not only given to people with basic regular allowance, but also to those with incomes just above the social minimum. Payments can be used for: contributions towards scholar trips, refrigerators, exceptional housing costs, furniture (incidental but necessary expenditure).

2) OLD AGE: MINIMUM PENSION	
Measure (1)	General Old-Age Pensions Act (Algemene Ouderdomswet, AOW).
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Having worked in the Netherlands
- means test (individual/couple/family)	No
- age	65
Duration of the benefits	Unlimited
Amount	<p>Depends on family situation and number of years of work</p> <p>Single person: €956.18 per month</p> <p>Couples both 65 and over: €653.73 per month per person</p> <p>Pensioners with a partner younger than 65: €653.73 (for pensions taking effect from 1994). Supplements are available depending on partner's income.</p> <p>Full pension payable after 50 years of insurance. For every year in which there was no insurance, an amount of 2% of the full pension is deducted.</p>

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Work and Income According to Labour Capacity Act (Wet Werk en Inkomen naar Arbeidsvermogen, WIA) (new scheme since 1.1.2006)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	Reduction in capacity for work of 35% (15% prior to 2006) A person is considered completely or partially incapable of working when he/she cannot earn the same as healthy workers with similar training and equivalent skills normally earn at the location where he/she works or most previously worked. No distinction is made as to the cause of incapacity (invalidity or employment injury).
- citizenship/residence/previous contribution	All employees
- means test (individual/couple/family)	No
- age	below age 65
Duration of the benefits	Waiting period of 104 weeks The WIA consists of two parts - The Resumption of Work (Partially Disabled Persons) Regulation (WGA) from six months to five years. Supplementary benefit/income support is provided until the age of 65 - and the Income Provision (Fully Disabled Persons) Regulation (IVA): unlimited until 65 years
Amount	(WGA): If the disabled person does not work: 70% of the last earned wage. If the partially disabled person does work: 70% of the difference between the last earned wage and the income earned from work. (IVA): 70% of the last earned wage

Measure (2)	Disablement Assistance Act for Handicapped Young Persons (Wet arbeidsongeschiktheidsvoorziening jonggehandicapten, Wajong)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- invalidity level	Reduction in capacity for work of 25%
- citizenship/residence/ previous contribution	Residents of the Netherlands who: - are incapable for work when reaching the age of 17 or - have become disabled and were students for period of at least 6 months in the year immediately prior to that date
- means test (individual/couple/family)	No
- age	below age 65
Duration of the benefits	Waiting period of 104 weeks Unlimited until 65 years
Amount	Depends on incapacity level and linked to minimum wage for young people Minimum: 21% of minimum wage for 25%-35% incapacity Maximum: 70% of minimum wage for 80% and above incapacity

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment Benefit Act (Werkloosheidswet, WW) Short-term benefit (kortdurende uitkering)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	All employees with at least 26 weeks of paid employment during the last 36 weeks
- means test (individual/couple/family)	No
- age	Below 65
Duration of the benefits	6 months
Amount	70% of statutory minimum wage
Other unemployment measures	
Back to work conditions	Beneficiaries should: <ul style="list-style-type: none"> - be capable of and available for work - be registered at the Centre for Work and Income - not to have refused suitable employment

Measure (2)	Unemployment Benefit Act (Werkloosheidswet, WW) Salary-related benefit (loongerelateerde uitkering)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	All employees with at least 26 weeks of paid employment during the last 36 weeks and employment in at least 4 full years during the last 5 calendar years
- means test (individual/couple/family)	No
- age	Below 65
Duration of the benefits	Depends on the number of years the person has worked Minimum 6 months (4 years of employment) Maximum 5 years (40 years of employment)
Amount	70% of one's last salary with a maximum daily wage of €172.48
Other unemployment measures	
Back to work conditions	Beneficiaries should: - be capable of and available for work - be registered at the Centre for Work and Income - not to have refused suitable employment

Poland

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	60.9 (M) 48.2 (F)
Total unemployment rate >25 (2006)	10.9 (M) 12.8 (F)
% of people 18-59 living in jobless household (2006)	13.5
Poverty after all social transfer, 60% of median equivalised income (2005)	21
Poverty after pensions, 60% of median equivalised income (2005)	30
Poverty before social transfer, 60% of median equivalised income (2005)	51
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	30
Temporary employment (2006)	27.3

Social protection expenditure: % GDP(2004)	
Total expenditure	20
Old age and survivor	11.8
Sickness and health care	3.8
Family and children	0.9
Unemployment	0.7
Housing and social exclusion	0.2
Disability	2.3

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Permanent Allowance (Zasilek staly) (subjective right) or Periodic Allowance (Zasilek okresowy) (discretionary right)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Permanent residence
- means test (individual/couple/family)	Yes, individually or the household
- age	18
Additional conditions (i.e. discretionary)	
Duration of the benefits	Permanent Allowance is unlimited and Periodic Allowance is temporary
Possibility of cumulating with other social security benefits	Other claims for benefits must first be exhausted
Amount	Different amount. Up to €125 for single per month
Relation between amount	
Willingness to work	Yes (except for persons entitled to a Permanent Allowance for the care of a handicapped child)
Social inclusion program	No
Associated rights	Social Assistance covers the cost of health care. The local authority is responsible for providing shelter for the homeless.
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Old-age Pension (Emerytura) with guaranteed minimum pension
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	n.a.
- age	n.a.
Duration of the benefits	Unlimited
Amount	€156 per month

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Invalidity Pension (Renta z tytułu całkowitej/częściowej niezdolności do pracy)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	total incapacity: unable to perform any type of work partial incapacity: unable to perform his/her usual work but capable of a different, lower skilled job
- citizenship/residence/ previous contribution	Previous contribution
- means test (individual/couple/family)	n.a.
- age	n.a
Duration of the benefits	Unlimited
Amount	Depends on previous wage, insurance period and incapacity. Min: Total incapacity €156 per month; Partial incapacity €120 per month

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment Allowance (Zasilek dla bezrobotnych)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution
- means test (individual/couple/family)	Yes, individual
- age	18-60/65
Duration of the benefits	6-18 months
Amount	Depends on years of work. Percentage of the Basic Unemployment Allowance (€ 132) per month: 1 to 5 years of work 80%; 5 to 20 years 100%; 20 years and more 120%
Back to work conditions	No
Other unemployment measures	Benefits for older unemployed: Early Retirement Benefit (Świadczenie przedemerytalne)

Portugal

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	73.9 (M) 62.0 (F)
Total unemployment rate >25 (2006)	5.6 (M) 8.0 (F)
% of people 18-59 living in jobless household (2006)	5.8
Poverty after all social transfer, 60% of median equivalised income (2005)	20
Poverty after pensions, 60% of median equivalised income (2005)	26
Poverty before social transfer, 60% of median equivalised income (2005)	42
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	26
Temporary employment (2006)	20.6

Social protection expenditure: % GDP(2004)	
Total expenditure	24.9
Old age and survivor	11
Sickness and health care	7.1
Family and children	2.1
Unemployment	1.3
Housing and social exclusion	0.2
Disability	2.4

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Social insertion income (Rendimento social de inserção)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Residence
- means test (individual/couple/family)	Yes, household
- age	From 18, but also under 18 who have to support child or is married or living in cohabitation
Additional conditions (i.e. discretionary)	
Duration of the benefits	12 months, extended if fulfilment of the legal conditions is proved
Possibility of cumulating with other social security benefits	Yes
Amount	Single person: up to euro 177.05 per month
Relations between the amounts	Single person: 100% 2nd adult in household: + 100% From 3rd adult on: + 70% 1st and 2nd child: + 50% 3rd child and following: + 60%
Willingness to work	Yes
Social inclusion programs	Yes, social integration programme
Associated rights	No
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Minimum pensions (pensão mínima)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Residence
- means test (individual/couple/family)	No
- age	Retirement age
Duration of the benefits	Unlimited
Amount	30% of average monthly earnings. Minimum for pensioners with up to 15 contributions years: €230.16 per month

Measure (2)	Old-age social pension (pensão social de velhice)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship\residence or previous contribution	Residence
- means test (individual/couple/family)	Yes. Income not exceeding 30% (single person) or 50% (couple) of the minimum wage
- age	65 years or more
Duration of the benefits	Unlimited
Amount	€177.05 per month
3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Invalidity pension (pensão de invalidez)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution
Entitlement\ beneficiaries:	
- invalidity level	66% reduction
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Unlimited, until retirement age
Amount	Depends on earnings and contribution years

Measure (2)	Invalidity social pension (pensão social de invalidez)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries:	
- citizenship/residence/ previous contribution	
- means test (individual/couple/family)	Yes
- age	Over 18
Duration of the benefits	Unlimited, until retirement age
Amount	177.05 per month
4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment insurance
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution (450 days in past 24 months)
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Depends on age and length of contribution
Amount	Depends on previous salary
Other unemployment measures	Unemployment assistance
Back to work conditions	Yes

Romania

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
- total employment rate 15-64 (2006) M\F	64,7 (M); 53 (F)
- total unemployment rate >25 (2006) M\F	21,6 (M); 20,2 (F)
- % of people 18-59 living in jobless household (2006)	9,7
- Poverty after all social transfer, 60% of median equivalised income (2005)	18
- Poverty after pensions, 60% of median equivalised income (2005)	-
- Poverty before social transfer, 60% of median equivalised income (2005)	-
- Relative poverty gap (cut-off point: 50% of median equivalised income – 2005)	-
- Temporary employment (2006)	-

Social protection expenditure (2004): % GDP	
total expenditure	14,9
old age and survivor;	5,6
sickness and health care;	5,3
family and children;	1,6
Unemployment	0,5
housing and social exclusion	0,6
Disability	1,0

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Guaranteed Minimum income (Privind venitul minim garantat)
Level of government responsible for the measure	Local (The city hall)
Territorial variability of implementation	No
Financing 1: institutional level	Local City Hall
Financing 2: type	taxation, contributions, etc.
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	Residents
- means test (individual/couple/family)	Yes, household
- age	18
Additional conditions (i.e. discretionary)	Do not have goods considered not to be of strict necessity, such as more than one house, etc. Family members must live together
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	Yes, with disability benefits
Amount	Single person up to €28 per month
Relation between amounts	Couple, no children: up to €51 per month Couple, child of 10: up to €64 per month
Willingness to work	Yes.
Social inclusion programs	Yes. The beneficiary of the minimum income aid is obliged to do work for the community.
Associated rights	100% increased State Allowance for Disabled Children, 25% increased Complementary Family Allowance, Heating aid, Funeral aid, Emergency aids (to be decided at local level)
Taxation	No
2) OLD AGE: MINIMUM PENSION	
Measure (1)	No statutory minimum pension

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Invalidity pension (pensia de invaliditate)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions
Entitlement\ beneficiaries	
- invalidity level	At least 50% work capacity lost
- citizenship/residence/previous contribution	Residents. Previous contribution (minimum 5 years of contribution)
- means test (individual/couple/family)	No
- age	Not specifically specified in the law
Duration of the benefits	Unlimited as long as the person is considered to be disabled. When reaching the normal retirement age the person can choose between the old age pension/old age pension with reduced retirement age standard/survivor pension and the invalidity pension.
Amount	Depends on the length of contribution period, level of earnings, invalidity category

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment indemnity (“Legea privind sistemul asigurarilor pentru somaj si stimularea ocuparii fortei de munca”)
Level of government responsible for the measure	Central level (Romanian Ministry for Labor and Social Solidarity)
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Residents/previous contribution
- means test (individual/couple/family)	No
- age	Minimum 16 years and maximum retirement age
Duration of the benefits	On the basis of the contributions period completed: 6-12 months
Amount	On the basis of contribution period and level of earnings as well the minimum gross wage
Other unemployment measures	Pre-unemployment services for collective cessation of the work contract; free professional education; professional counseling; free recruitment services; advice and assistance for starting an independent economic activity; etc.
Back to work conditions	yes

The Slovak Republic

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	67.0 (M) 51.9 (F)
Total unemployment rate >25 (2006)	10.4 (M) 13.2 (F)
% of people 18-59 living in jobless household (2006)	9.6
Poverty after all social transfer, 60% of median equivalised income (2005)	13
Poverty after pensions, 60% of median equivalised income (2005)	22
Poverty before social transfer, 60% of median equivalised income (2005)	40
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	25
Temporary employment (2006)	5.1

Social protection expenditure: % GDP(2004)	
Total expenditure	17.2
Old age and survivor	6.6
Sickness and health care	5
Family and children	1.8
Unemployment	1
Housing and social exclusion	0.5
Disability	1.6

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Benefit in Material Need (Dávka v hmotnej núdzi)
Level of government responsible for the measure	State, Municipalities
Territorial variability of implementation	Yes
Financing 1: institutional level	State, Municipalities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Residence
- means test (individual/couple/family)	All family resources with some exceptions (i.e. 25% earnings)
- age	No age requirements
Additional conditions (i.e. discretionary)	
Duration of the benefits	The benefit is provided primarily by the State for a duration of 24 months, after that (from 1 January 2008) by the municipalities.
Possibility of cumulating with other social security benefits	Other statutory benefits and non-financial kinds of help must be exhausted
Amount	Monthly base amount per category of household in material need (€48 for singles)
Relation between amount	Subsistence Minimum (Životné minimum): 100% for the first adult in the household, 70% for every other adult in the household, 45% for each child
Willingness to work	Yes
Social inclusion programs	Up to 100% of the costs of education and for labour market preparation
Associated rights	Health Care Allowance (Príspevok na zdravotnú starostlivosť). Housing Benefit (Príspevok na bývanie)
Taxation	No
2) OLD AGE: MINIMUM PENSION	
Measure (1)	No specific minimum. Covered by the general scheme of guaranteed minimum resources

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	<ul style="list-style-type: none"> • Invalidity pension • Full invalidity (Plná invalidita)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- invalidity level	<ul style="list-style-type: none"> • Full invalidity: more than 70% • Invalidity pension: 40% reduction in capacity
- citizenship/residence/previous contribution	The required period of employment depends on age: min: up to 20 years < 1 year; max: over 28 years 5 years
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Unlimited until retirement age
Amount	Depends on incapacity level and amount of employment income through contributions during the entire insured life

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment Benefit (Dávka v nezamestnanosti)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution. At least 3 years of unemployment insurance contributions during the last 4 years
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	6 months
Amount	Depends on duration of contribution's payment and earnings
Other unemployment measures	Nothing
Back to work conditions	Yes

Slovenia

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	71.1 (M) 61.8 (F)
Total unemployment rate >25 (2006)	4.0 (M) 6.2 (F)
% of people 18-59 living in jobless household (2006)	7.2
Poverty after all social transfer, 60% of median equivalised income (2005)	12
Poverty after pensions, 60% of median equivalised income (2005)	26
Poverty before social transfer, 60% of median equivalised income (2005)	42
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	17
Temporary employment (2006)	17.3

Social protection expenditure: % GDP(2004)	
Total expenditure	24.3
Old age and survivor	10.6
Sickness and health care	7.8
Family and children	2
Unemployment	0.7
Housing and social exclusion	0.7
Disability	1.9

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Financial Social Assistance (denarna socialna pomoč)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Permanent residents
- means test (individual/couple/family)	Yes, family income
- age	18 years for individuals
Additional conditions (i.e. discretionary)	
Duration of the benefits	3 or 6 months (12 month for over 60)
Possibility of cumulating with other social security benefits	Entitlements to other social insurance benefits and maintenance payments from other people must be exhausted
Amount	Up to €205.57 monthly for single person
Relation between amount	
Willingness to work	Yes
Social inclusion programs	Entitlement maybe linked to signing a contract with the Social Work Centre (Center za socialno delo), which places obligations on the beneficiary to resolve his/her social problems (rehabilitation, health treatment, etc.)
Associated rights	Compulsory health insurance. Up to 25% of the basic minimum income to pay rent
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Minimum pension in Old-age Pension (starostna pokojnina)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	Insured person entitled to Old-age Pension (starostna pokojnina)
- citizenship/residence/ previous contribution	Contribution (min.15 years)
- means test (individual/couple/family)	Yes
- age	Retirement age (63 man; 61 woman)
Duration of the benefits	Unlimited
Amount	35% of the minimum pension rating base of €450.1 per month
Measure (2)	State pension (državna pokojnina)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Permanent resident or resident for at least 30 years between the age of 15 and 65
- means test (individual/couple/family)	Yes
- age	Over 65
Duration of the benefits	Unlimited
Amount	33% of the Minimum Pension Rating Base (€149.88) monthly

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Invalidity pension (invalidska pokojnina)
Level of government responsible for the measure (criteria definition)	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and Taxation
Entitlement\ beneficiaries	
- invalidity level	No fixed percentage (3 categories)
- citizenship/residence/previous contribution	Contribution
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Unlimited
Amount	Depends on amount of income and length of time (min 35% of the minimum pension rating base)

Measure (2)	Invalidity Benefit (nadomestilo za invalidnost)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- invalidity level	No fixed percentage (3 categories)
- citizenship/residence/previous contribution	Universal
- means test (individual/couple/family)	No
- age	Before 18/26 years
Duration of the benefits	Unlimited
Amount	35% of the average monthly net wage of employed persons in Slovenia, plus assistance and attendance allowance (dodatek za pomoč in postrežbo).
4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Unemployment Benefit (nadomestilo za primer brezposelnosti)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation and contributions
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Contribution (at least 12 months of employment with the same or different during the previous 18 months)
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Depends upon length of insurance (min: 3 months for insurance of 1 to 5 years; max: 24 months for insured persons over 55 years of age with 25 years of insured)
Amount	First 3 months: 70% of the reference basis, Following months: 60% of the reference basis.
Other unemployment measures	Unemployment Assistance for older unemployed (denarna pomoč za primer brezposelnosti)
Back to work conditions	Yes, but in some cases the amount of benefit may be reduced

Spain

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	76.1 (M) 53.2 (F)
Total unemployment rate >25 (2006)	5.2 (M) 10.2 (F)
% of people 18-59 living in jobless household (2006)	6.3
Poverty after all social transfer, 60% of median equivalised income (2005)	20
Poverty after pensions, 60% of median equivalised income (2005)	24
Poverty before social transfer, 60% of median equivalised income (2005)	39
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	25
Temporary employment (2006)	34

Social protection expenditure: % GDP(2004)	
Total expenditure	20
Old age and survivor	8.5
Sickness and health care	6
Family and children	0.7
Unemployment	2.5
Housing and social exclusion	0.3
Disability	1.5

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Not uniform
Level of government responsible for the measure	Autonomous Communities
Territorial variability of implementation	Yes
Financing 1: institutional level	Autonomous Communities (Comunidades Autónomas)
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Residence (usually between 3-5 years)
- means test (individual/couple/family)	Yes, family
- age	Generally up to 65 years
Additional conditions (i.e. discretionary)	Must be capable of working
Duration of the benefits	Generally 12 months; possibility of extension in certain cases
Possibility of cumulating with other social security benefits	No
Amount	Different amounts according to the Autonomous Communities
Relations between the amounts	Different according to the provisions Autonomous Communities
Willingness to work	N.a.
Social inclusion programs	Generally the beneficiary has to participate in an individually tailored reintegration programme
Associated rights	Health care benefits provided by the State
Taxation	Yes

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Minimum pension (Pensión mínima)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	No
- age	Retirement age
Duration of the benefits	Unlimited
Amount	Depend on age and presence of dependant spouse. + 65 years: €493.22 or €606.06 per month with dependant spouse
Measure (2)	Non-contributory old-age pension (Pensión de jubilación no contributiva)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Residence
- means test (individual/couple/family)	Yes, economic unit
- age	Over 65
Duration of the benefits	Unlimited
Amount	One eligible person: €4,374.02 per year.

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Contributory invalidity pension (Pensión de invalidez contributiva)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution
Entitlement\ beneficiaries:	
- invalidity level	Minimum: 33% reduction of permanent incapacity
- citizenship/residence/previous contribution	Contribution
- means test (individual/couple/family)	No
- age	No, but difference under/over 26 years
Duration of the benefits	Unlimited
Amount	Depends on contribution and level of incapacity
Measure (2)	Non contributory invalidity pension (Pensión de invalidez no contributiva)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries:	
- invalidity level	Disability or chronic disease of at least 65%
- citizenship/residence/previous contribution	Residence
- means test (individual/couple/family)	Yes, economic unit
- age	18-65
Duration of the benefits	Unlimited
Amount	€ 4,374.02 per year for disability or chronic disease of 65% or more. €6,451.03 per year for disability or chronic disease of more than 75% and when constant assistance is required

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	The unemployment benefit (prestación por desempleo)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution (min.360 days)
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Depends on contribution period. From 4 months to 2 years
Amount	Depends on contributions
Back to work conditions	Yes
Measure (2)	Allowance: Unemployed with family responsibilities
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Generally no contribution
- means test (individual/couple/family)	Yes, family. Max 75% of minimum wage
- age	16-retirement age
Duration of the benefits	6-18 months
Amount	80% of the Public Income Rate of Multiple Effects (Indicador Público de Renta de Efectos Múltiples, IPREM) in force
Other unemployment measures	Active integration Income (Renta Activa de Insercion)
Back to work conditions	Yes

Sweden

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	75.5 (M) 70.7 (F)
Total unemployment rate >25 (2006)	5.1 (M) 5.1(F)
% of people 18-59 living in jobless household (2006)	n.a.
Poverty after all social transfer, 60% of median equivalised income (2005)	9
Poverty after pensions, 60% of median equivalised income (2005)	29
Poverty before social transfer, 60% of median equivalised income (2005)	42
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	29
Temporary employment (2006)	17.3

Social protection expenditure: % GDP(2004)	
Total expenditure	32.9
Old age and survivor	12.7
Sickness and health care	8
Family and children	3
Unemployment	2
Housing and social exclusion	1.2
Disability	4.7

The overall income protection system: description of the different measures

1) MINIMUM INCOME	
Measure (1)	Ekonomiskt bistånd
Level of government responsible for the measure (criteria definition)	National and local
Territorial variability of implementation	Yes
Financing 1: institutional level	Local municipalities
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/previous contribution	All persons with the right to stay in the country
- means test (individual/couple/family)	Yes. Family
- age	No age requirement
Additional conditions (i.e. discretionary)	
Duration of the benefits	Unlimited
Possibility of cumulating with other social security benefits	Social assistance is complementary to all other subsistence allowances
Amount	Different amount. Single person: €385 per month
Relation between amount	No
Social inclusion programs	No
Willingness to work	Yes
Associated rights	Costs for adequate housing are covered
Taxation	No

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Guarantee pension (<i>garantipension</i>)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Residence (3 years)
- means test (individual/couple/family)	Yes
- age	61-67 years
Duration of the benefits	Unlimited
Amount	2.13 price base amounts (€9512 per year for a single person) according to years of residence and earnings-related pensions
Measure (2)	Maintenance support for the elderly (<i>äldreförsörjningsstöd</i>)
Basic principles	For those who do not fulfil the requirements for the Guarantee pension
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	
- means test (individual/couple/family)	Yes
- age	65
Duration of the benefits	Unlimited
Amount	1.294 price base amounts for a single person

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	- Activity compensation (aktivitetsersättning) - Sickness compensation (sjukersättning)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	Minimum level of incapacity for work 25%
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	
- age	- Activity compensation: 30-64 - Sickness compensation: 19-29
Duration of the benefits	Max: until retirement age
Amount	Depend on income level and degree of incapacity
4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Basic allowance (grundförsäkring)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Contribution
- means test (individual/couple/family)	No
- age	From 20 years
Duration of the benefits	300-600 days
Amount	€35 per day
Back to work conditions	Yes (Suspension from unemployment benefits 45 days (9 weeks), when leaving the job without a valid reason. Suspension from unemployment benefits 40 days when refusing a suitable job offer. After the first time: reduction 25%; second time: 50%; third time: suspension)
Other unemployment measures	Earnings-related benefit (inkomstbortf allsförsäkring) (optional insurance)

United Kingdom

The social context and of the main features of social policies in the field of income protection

Indicators of poverty and social exclusion (Eurostat and Missoc)	
Total employment rate 15-64 (2006)	77.3 (M) 65.8 (F)
Total unemployment rate >25 (2006)	3.9 (M) 3.6 (F)
% of people 18-59 living in jobless household (2006)	10.7
Poverty after all social transfer, 60% of median equivalised income (2005)	18
Poverty after pensions, 60% of median equivalised income (2005)	31
Poverty before social transfer, 60% of median equivalised income (2005)	43
Relative poverty gap (cut-off point: 50% of median equivalised income (2005)	18
Temporary employment (2006)	5.8

Social protection expenditure: % GDP(2004)	
Total expenditure	26.3
Old age and survivor	11.5
Sickness and health care	7.8
Family and children	1.7
Unemployment	0.7
Housing and social exclusion	1.7
Disability	2.4

The overall income protection system: description of the different measures

1) MINIMUM INCOME													
Measure (1)	Income Support												
Level of government responsible for the measure (criteria definition)	State												
Territorial variability of implementation	No												
Financing 1: institutional level	State												
Financing 2: type	Taxation												
Entitlement\ beneficiaries	Single persons and households (families) in need												
- citizenship/residence/previous contribution	Habitual residence in Gb												
- means test (individual/couple/family)	Yes												
- age	16												
Additional conditions (i.e. discretionary)	People who are not in full time work (16 hours or more a week for the claimant, 24 hours or more for claimant's partner) and who are not required to register as unemployed												
Duration of the benefits	Unlimited												
Possibility of cumulating with other social security benefits	Claims to other benefits must be exhausted but if need still exists, Income Support can be paid to bring income up to a set limit. An interim payment may be made, pending the outcome of claims to other benefits												
Amount	Depends on age and family type (single aged 25: 742 for month)												
Relations between the amounts	<table border="0"> <tr> <td>Single person</td> <td>100%</td> </tr> <tr> <td>2nd adult of couple +</td> <td>65%</td> </tr> <tr> <td>1st child +</td> <td>74%</td> </tr> <tr> <td>2nd child +</td> <td>60%</td> </tr> <tr> <td>3rd child +</td> <td>52%</td> </tr> <tr> <td colspan="2">(all children under age 16)</td> </tr> </table>	Single person	100%	2nd adult of couple +	65%	1st child +	74%	2nd child +	60%	3rd child +	52%	(all children under age 16)	
Single person	100%												
2nd adult of couple +	65%												
1st child +	74%												
2nd child +	60%												
3rd child +	52%												
(all children under age 16)													
Social inclusion programs	Personal Adviser meetings are compulsory for lone parents. Service provides advice and help to find lone parents work												
Willingness to work	Not a condition for Income Support. Persons capable of working are entitled to claim income based Jobseekers' Allowance rather than Income Support												
Associated rights	Free NHS prescriptions and some treatments. Help with certain housing costs												
Taxation	Not taxable												

2) OLD AGE: MINIMUM PENSION	
Measure (1)	Basic State Pension
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation and contributions
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Previous contribution (min 10-11 years)
- means test (individual/couple/family)	n.a.
- age	65 for men, 60 for women
Duration of the benefits	Unlimited
Amount	Minimum of 25% of full rate of basic State Pension
Measure (2)	Pension Credit
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Taxation
Entitlement\ beneficiaries	
- citizenship/residence/ previous contribution	Habitually resident
- means test (individual/couple/family)	Yes
- age	Over 60
Duration of the benefits	Unlimited
Amount	Up to € 169 a week and (€ 258 for a couple). An additional amount is payable to over 65's if they have savings or non-state pensions

3) INVALIDITY: BENEFITS /PENSION	
Measure (1)	Incapacity Benefit
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contributions and taxation
Entitlement\ beneficiaries	
- invalidity level	Incapable of all work (100%)
- citizenship/residence/previous contribution	Contributions. No contribution for person with earnings below a determined limit
- means test (individual/couple/family)	No, but means test for person who have not paid enough contribution
- age	
Duration of the benefits	Until retirement age
Weekly\monthly amount	Long-term incapacity benefit (flat rate):€117 Age addition:€ 24 if incapacity began before age 35; € 12 if it began between 35 and 44

4) UNEMPLOYMENT: BENEFITS	
Measure (1)	Contribution-based Jobseekers' Allowance (JSA)
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxes
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Is in GB
- means test (individual/couple/family)	No
- age	Working age
Duration of the benefits	Limited to 182 days in any jobseeking period
Amount	Depends on age: 51-85 euro weekly
Other unemployment measures	
Back to work conditions	Yes.
Measure (2)	Income-based Jobseekers' Allowance
Level of government responsible for the measure	State
Territorial variability of implementation	No
Financing 1: institutional level	State
Financing 2: type	Contribution and taxation
Entitlement\ beneficiaries	
- citizenship/residence/or previous contribution	Habitually resident in the UK
- means test (individual/couple/family)	Yes, family income and saving
- age	
Duration of the benefits	Unlimited
Amount	Amount varies according to family circumstance and income
Back to work conditions	Yes

Annex 2

Grid of different measures in Europe

POLICY	COUNTRY	AUSTRIA	BELGIUM	BULGARIA	CYPRUS	CZECH REP	DANMARK	ESTONIA	FINLAND	FRANCE	GERMANY
OLD AGE	Non contributory measure	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
	Means test		Yes	Yes	Yes		No	No	Yes	Yes	Yes
	Level of Expenditure "Old age – survivor" (%Gdp) 2004	13.6	12.3		8.5	7.8	11.1	5.8	9.6	12.8	12.4
INVALIDITY PENSION	Non contributory measure	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
	Means test				Yes		No	No	Yes	Yes	Yes
	Level of incapacity			At least 50%	At least 60%		Permanently	At least 40%	At least 40%	At least 80%	Capacity for any work less of 3, or between 3- 6, hours a day
	Level of Expenditure "Invalidity" (%Gdp) 2004	2.3	1.9		0.8	1.5	4.1	1.2	3.4	1.7	2.2
UNEMPLOYMENT BENEFITS	Non contributory measure	No	No	No	No	No	No	No	Yes	Yes	No
	Means test				No				Yes	Yes	
	Duration of the measure								Unlimited	6 month	
	Level of Expenditure Unemployment (%Gdp) 2004	1.7	3.5		0.9	0.7	2.8	0.2	2.5	2.3	2.4

POLICY	COUNTRY	GREECE	HUNGARY	IRELAND	ITALY	LATVIA	LITHUANIA	LUXEMBURG	MALTA
OLD AGE	Non contributory measure	No	Yes	Yes	Yes	Yes	Yes	No	No
	Means test		Yes	Yes	Yes	Yes	Yes		
	Level of Expenditure “Old age – survivor” (%Gdp) 2004	12.8	8.6	3.8	15.4	6.1	6.1	8.1	9.5
INVALIDITY PENSION	Non contributory measure	No	Yes	Yes	Yes	Yes	Yes	No	No
	Means test		Yes	Yes	Yes	Yes	Yes		
	Level of incapacity		At least 67%	Permanently	At least 60%	Disabled person	At least 60%		
	Level of Expenditure “Invalidity” (%Gdp) 2004	1.3	2.1	0.9	1.5	1.2	1.3	3	1.2
UNEMPLOYMENT BENEFITS	Non contributory measure	No	No	Yes	No	No	No	No	No
	Means test			Yes					
	Duration of the measure			Unlimited					
	Level of Expenditure Unemployment (%Gdp) 2004	1.5	0.6	1.3	0.5	0.4	0.2	1	1.3

POLICY	COUNTRY	NETHERLAND	POLAND	PORTUGAL	ROMANIA	SPAIN	SWEDEN	SLOVENIA	SLOVAK REP	UK
OLD AGE	Non contributory measure	No	No	Yes	No	Yes	Yes	Yes	No	Yes
	Means test			Yes		Yes	Yes	Yes		Yes
	Level of Expenditure “Old age – survivor” (%Gdp) 2004	11.1	11.8	11		8.5	12.7	10.6	6.6	11.5
INVALIDITY PENSION	Non contributory measure	Yes	No	Yes	No	Yes	No	Yes	No	Yes
	Means test	No		Yes		Yes		No		Yes
	Level of incapacity			Unable to work		At least 65%		Severely mentally and/or physically impaired		100%
	Level of Expenditure “Invalidity” (%Gdp) 2004	2.9	2.3	2.4		1.5	4.7	1.9	1.6	2.4
UNEMPLOYMENT BENEFITS	Non contributory measure	No	No	No	No	Yes	No	No	No	Yes
	Means test					Yes				Yes
	Duration of the measure					6-18 months				Unlimited
	Level of expenditure Unemployment (%Gdp) 2004	1.7	0.7	1.3		2.5	2	0.7	1	0.7

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