Pillar principle 14:
Minimum income policies in the EU as the social safety net

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20 October 2025, Bocconi

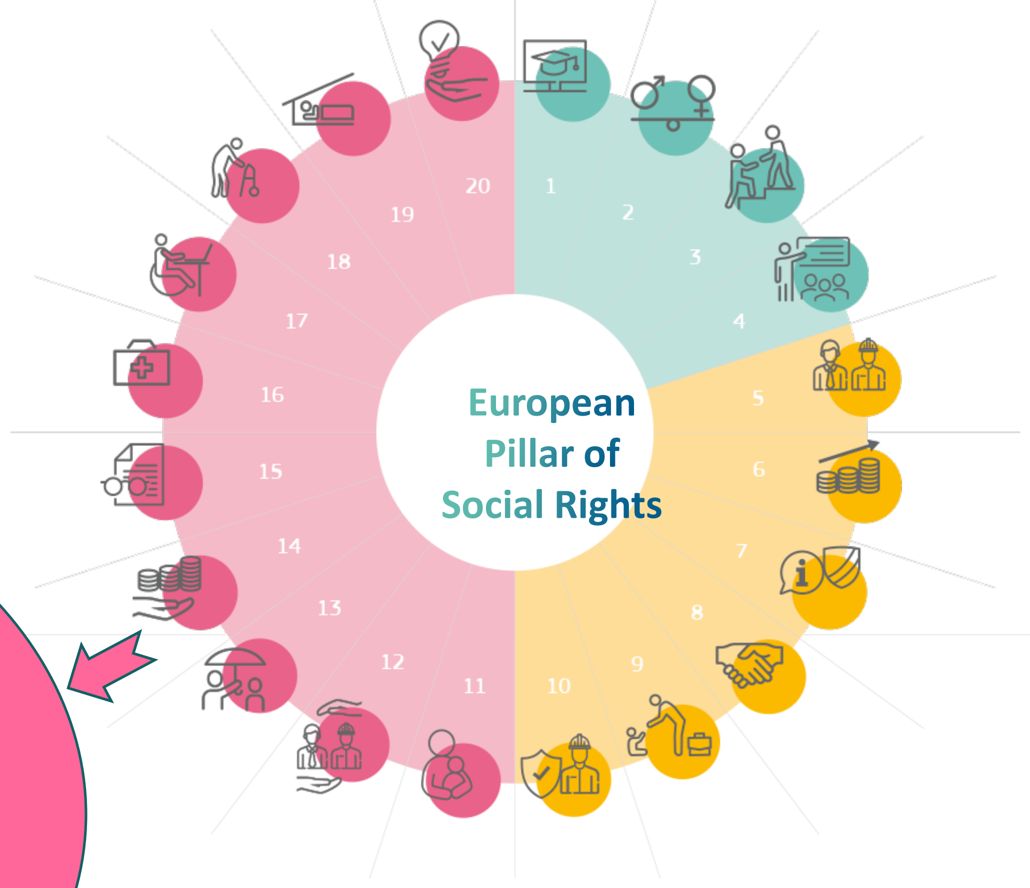
The basics

Enabling services

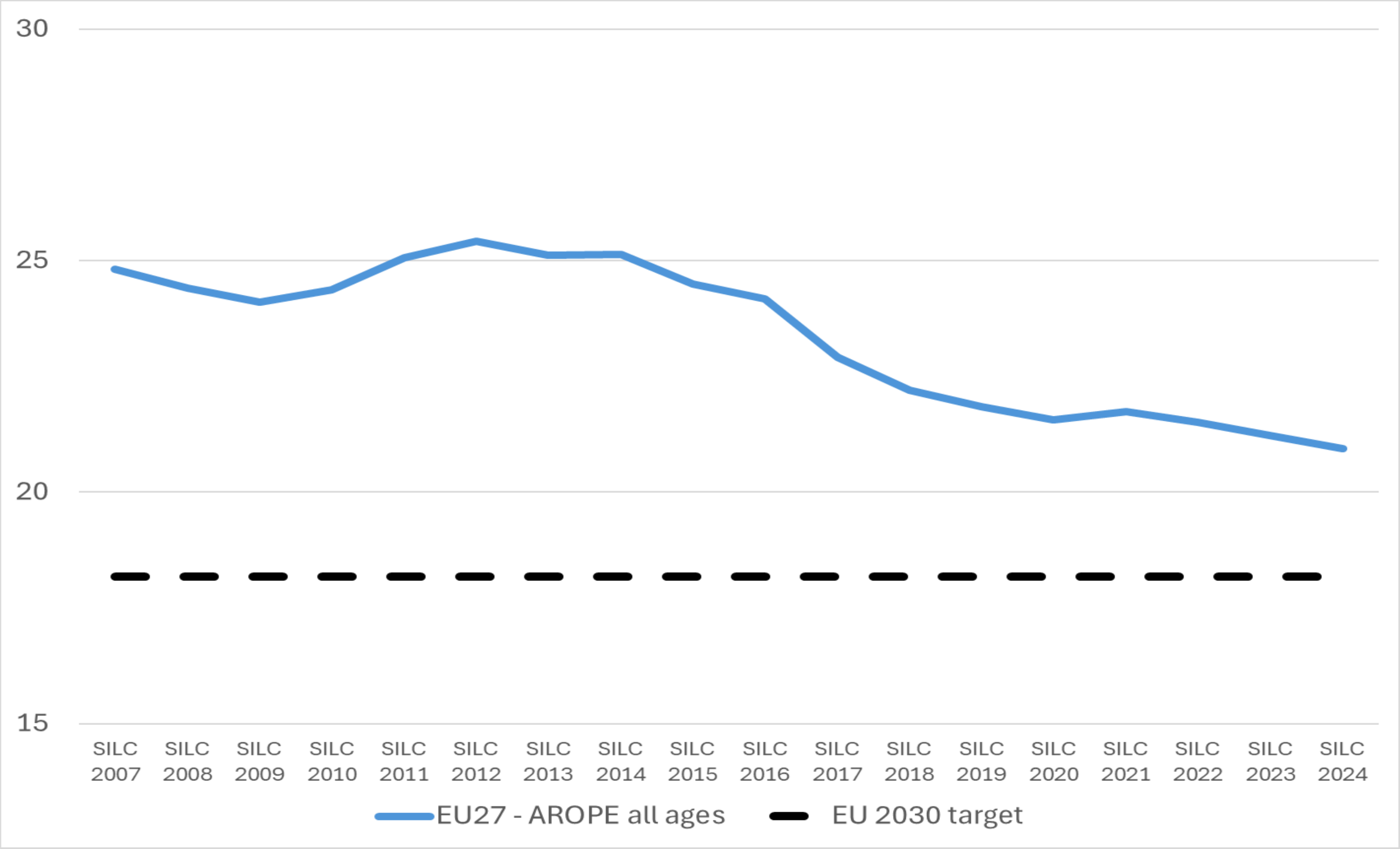
Principle 14: *"Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to* ***enabling goods and services*** *For those who can work,* ***minimum income benefits*** *should be combined with incentives to* ***(re)integrate into the labour market****."*

Job activation

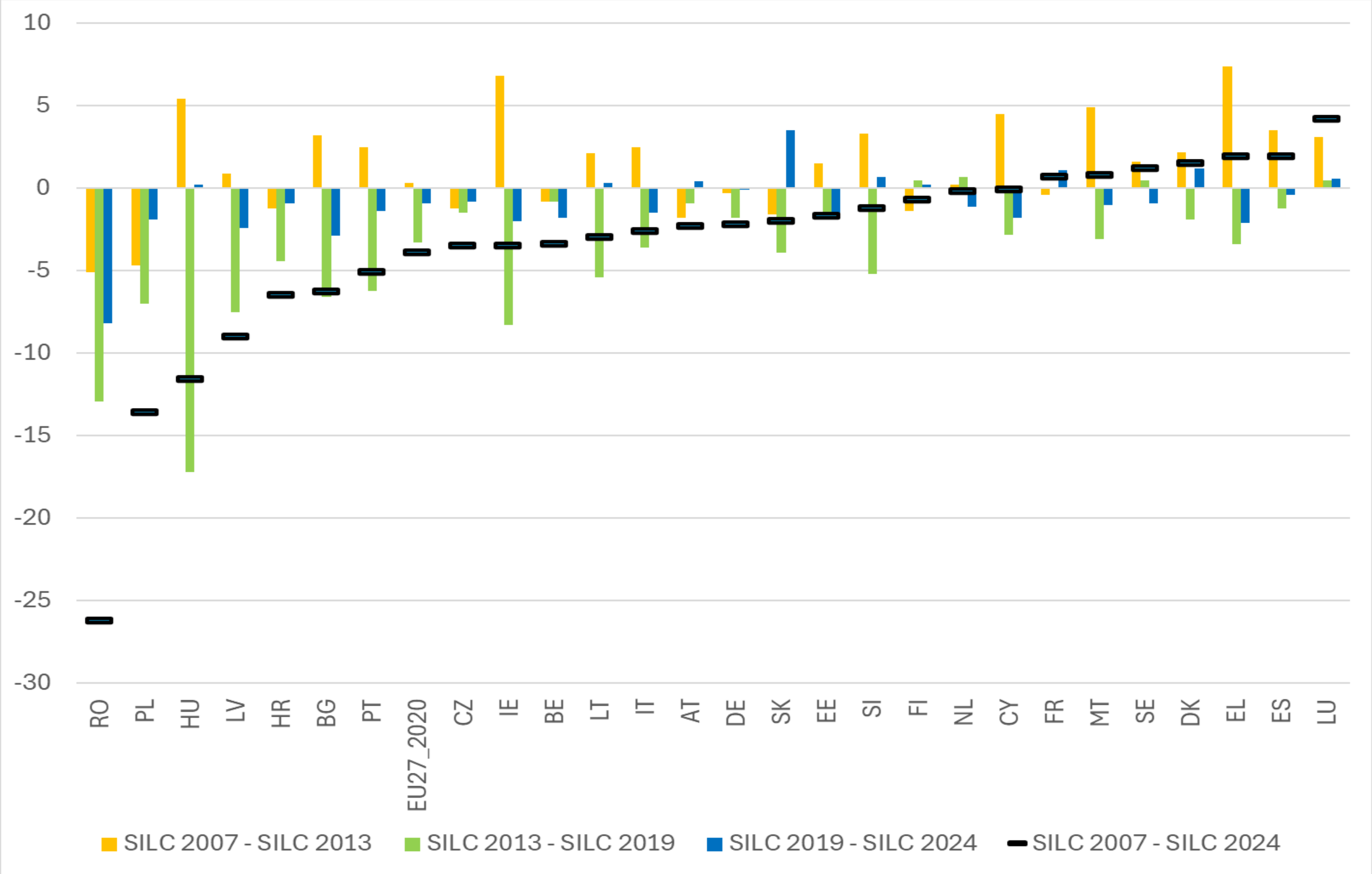
Cash benefits



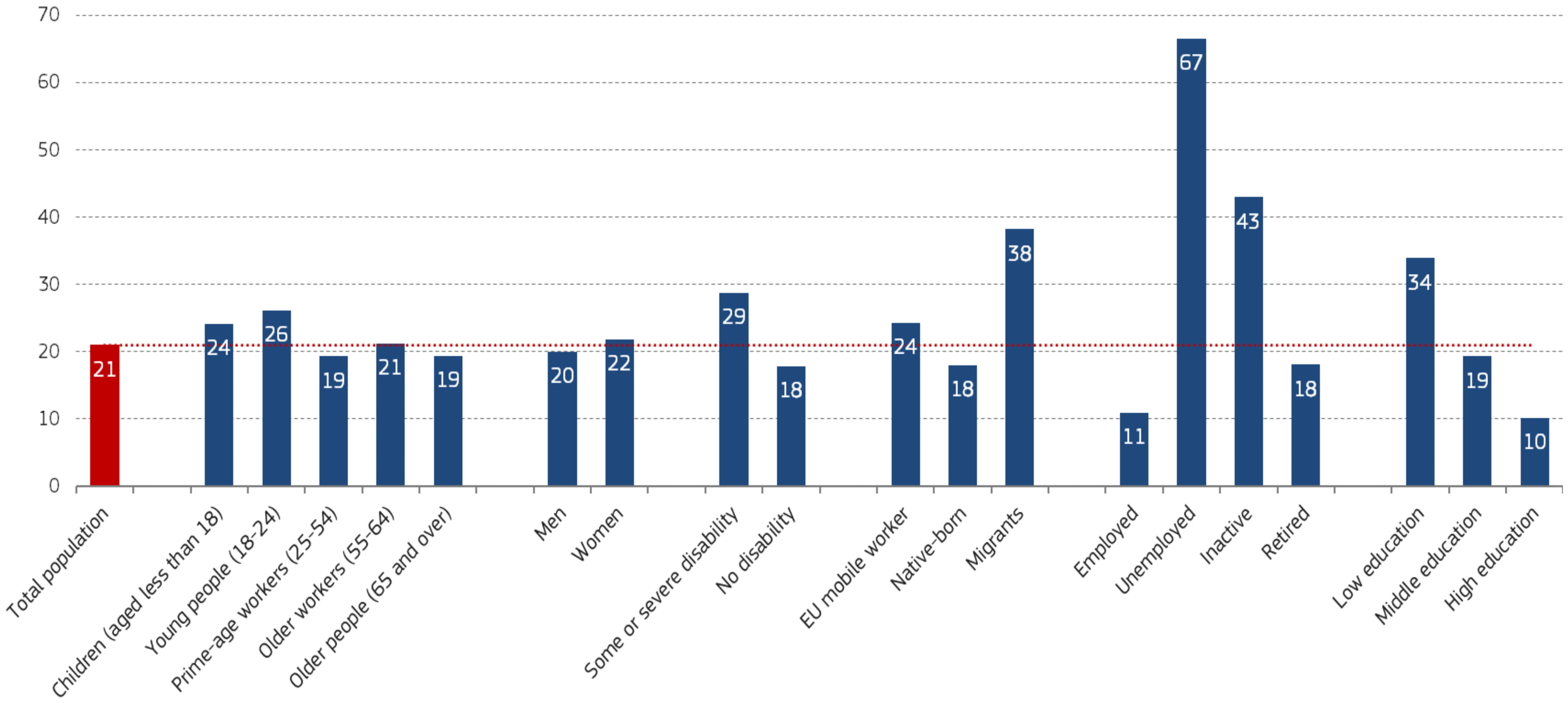
At risk of poverty and exclusion rate in the EU (2007-2024)



Trends in at risk of poverty and exclusion rates in the Member States (in pp)



Who are the poor?



Council Recommendation on the minimum income ensuring active inclusion

With a view to ensure a life in dignity at all stages of life, the Recommendation aims at **combatting poverty and social exclusion** by promoting:

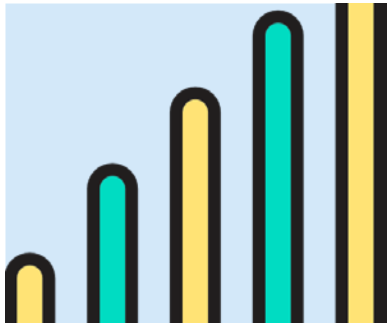
- **adequate income support**,
- effective access to **enabling and essential services**
- **fostering labour market integration** of those who can work

In line with the active inclusion approach

Scope: persons lacking sufficient resources – i.e. those with insufficient, irregular, or uncertain monetary and material resources, which are indispensable for their health and well-being and for participating in the economic and social life.

European Commission

Building blocks of the Recommendation

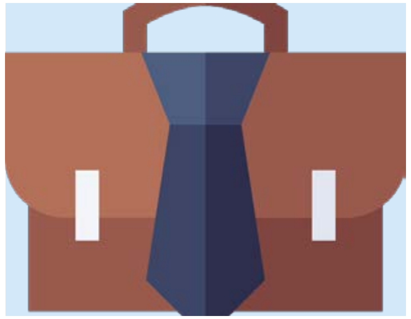


Adequacy

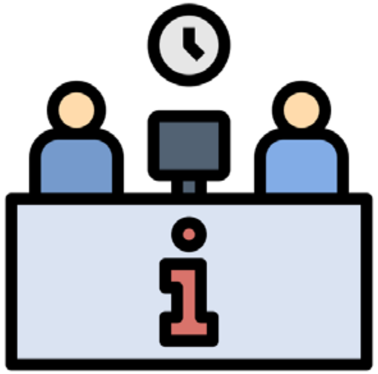
Coverage

(Non)-take up

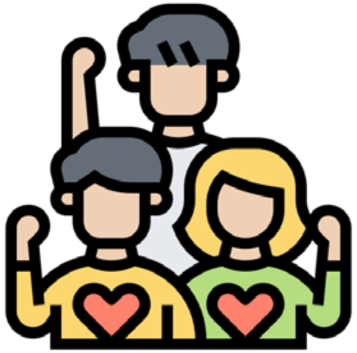
Governance monitoring and reporting



Access to inclusive labour market



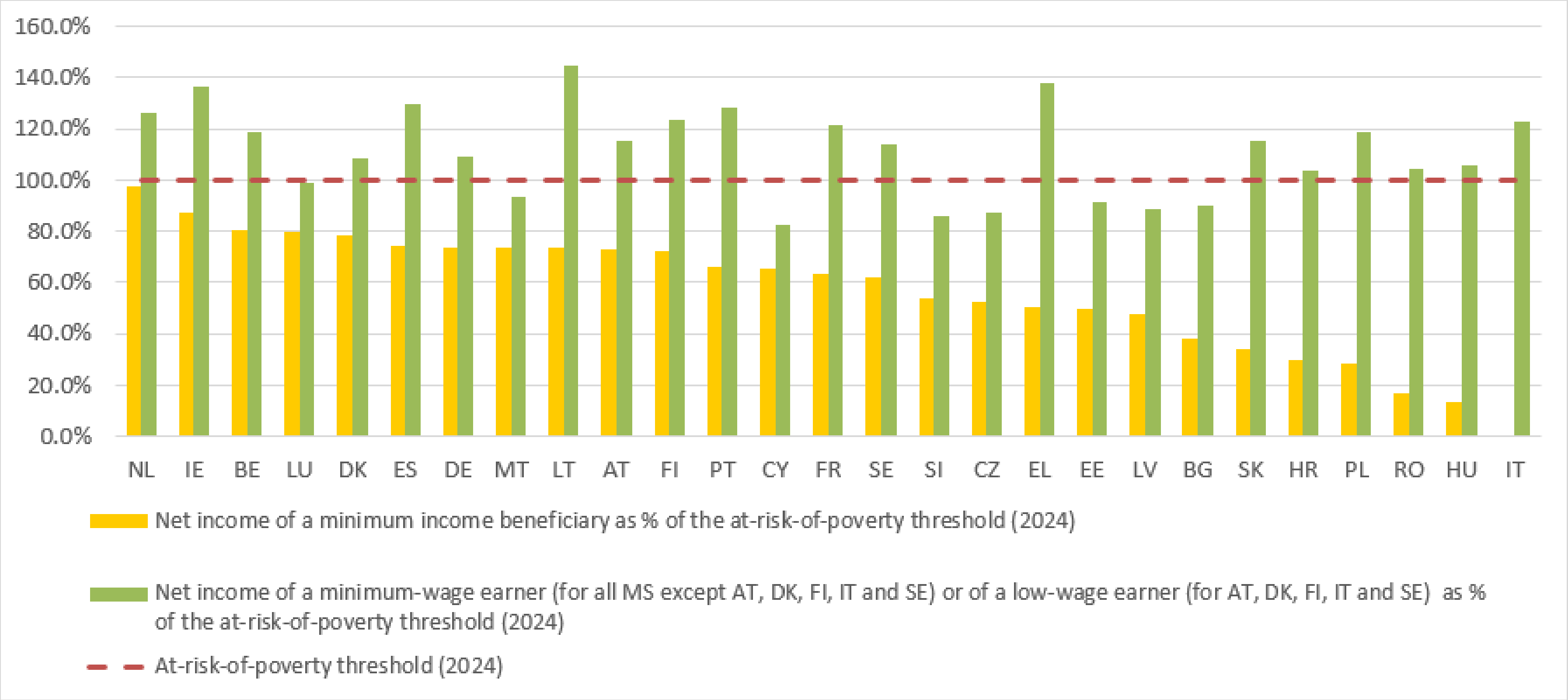
Access to enabling and essential services



Individualized support

Income adequacy: benefits vs. work

… monetary incentives to work are generally ensured at current levels of benefits



Note: Net income including social assistance, family and housing benefits, after taxes and social security contributions. Net income of a single person working full-time at the statutory minimum wage (or at 50% of the average wage for the countries that do not have a statutory minimum wage: Denmark, Italy, Austria, Finland and Sweden).
Source: Own calculations based on output from the OECD tax-benefit model and Eurostat data.

Recommendation:

- Transparent and robust methodology to set level of minimum income
- Improve adequacy (by 2030) either to the national poverty threshold, or the monetary value of necessary goods and services
- adjust level of regularly, to improve or maintain adequacy

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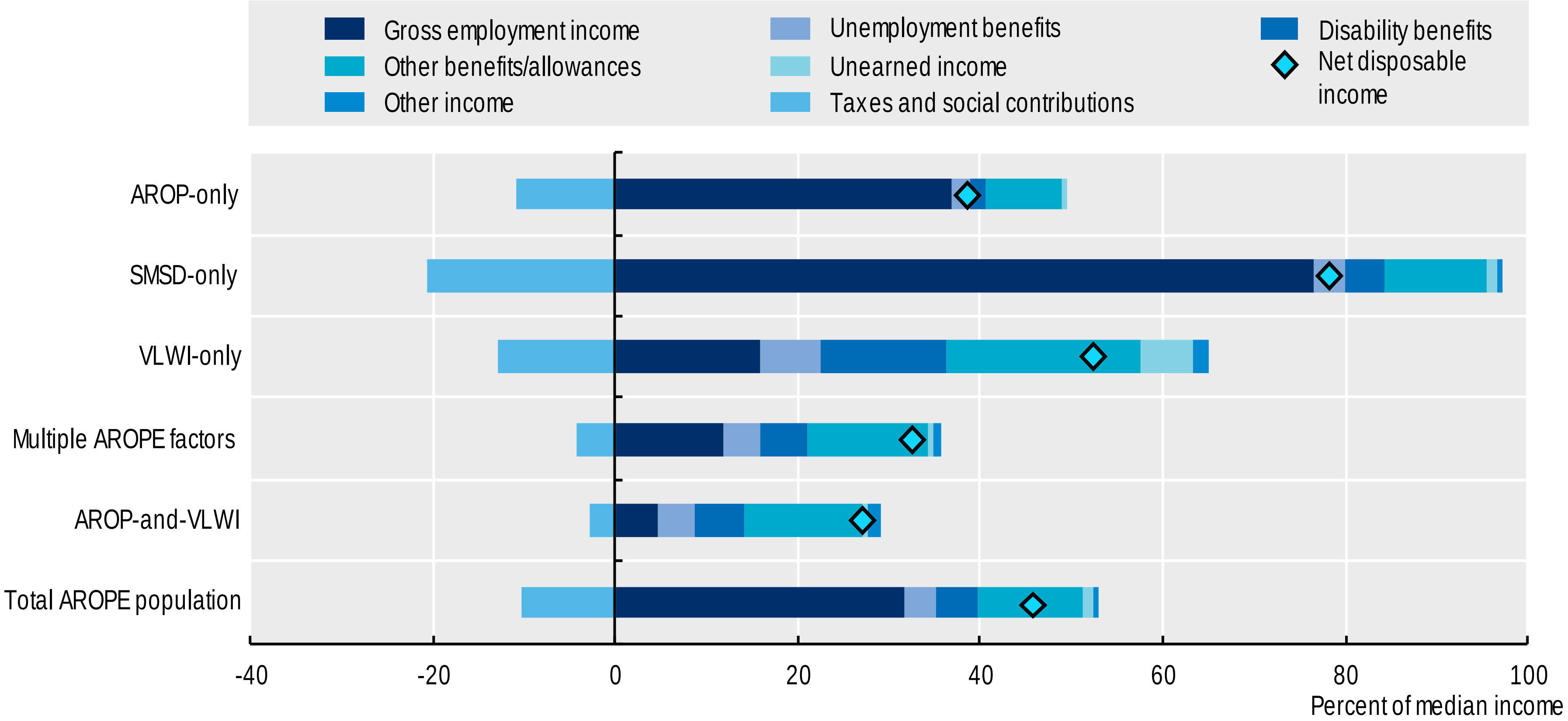
LIMITED PROGRESS

Employment is the main income source for the poor

Average household income by income source as a percentage of net median national disposable income for working-age individuals by AROPE sub-groups, EU-average, 2022

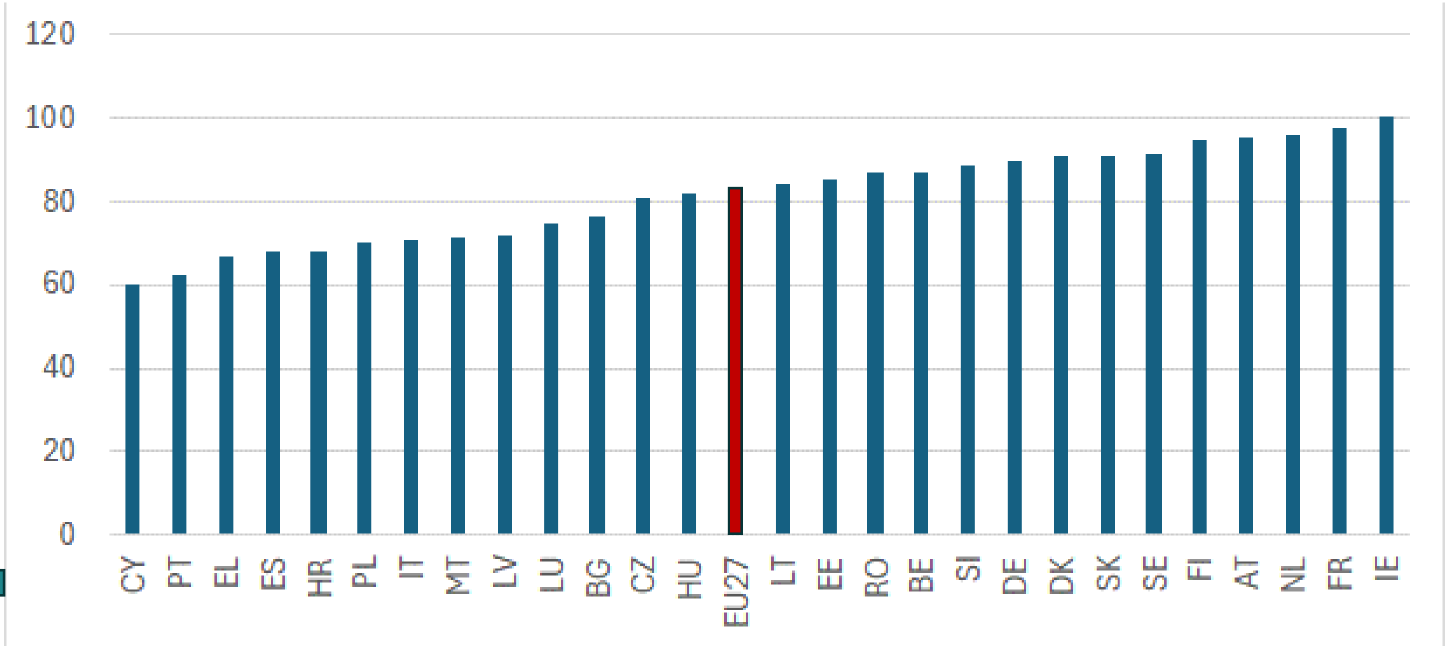


Note: Employment income includes self-employment income; other income includes inbound and outbound inter-household transfers, and income from children aged under 16 in the household. 'Other benefits' include MIBs and old-age benefits. Income calculated as average income across individuals in the relevant population group, expressed as a percentage of national median income. 'Multiple AROPE factors' are two or more. Working age defined as aged 18 to 64 inclusive.
Source: OECD calculations based on EU-SILC 2022, 2nd release made available on October 2024.

European Commission

Coverage and take-up

- ***Benefit recipient rate for the population 18-64 at risk of poverty and in (quasi-)jobless households (SILC 2024)***



Further efforts are needed, both in terms of the **design of the schemes**, with the view to cover all the population in need, and **to facilitate access** to the scheme for those who are entitled to it (**non-take-up** ranges from 20 to 50%!).

Recommendation:

- ✓ **Non-take up: administrative burden**, **access to information** on rights and obligations; active outreach **to potential beneficiaries**, **combat stigmatisation** and collect data
- ✓ Coverage: **transparent and non-discriminatory** eligibility criteria, proportionate **Means testing** to reflect standards of living**, simplified** application procedures, accompanied by **user-friendly information, decide fast –within 30days**.

Thank you!

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20 October 2025, Bocconi

Improving coverage - provisions of the Recommendation

- ✓ Ensure **transparent and non-discriminatory** eligibility criteria.
- ✓ **Means testing** to reflect standards of living, different sizes and needs of the households and be proportionate.
- ✓ **Access to be ensured** as long as the eligibility criteria *and conditions set by law* are fulfilled, *while providing access to specific and proportionate active inclusion measures for persons who can work.*
- ✓ **Accessible, simplified** application procedures, accompanied by **user-friendly information**.
- ✓ Issue decision on a minimum income application *in practice not later than* **30 days from its submission**.
- ✓ **Ensure responsiveness to *various types of crises*** and able to effectively mitigate their negative socioeconomic consequences through flexibility in the design.

Inclusive labour markets

- Progress - many Member States have been concentrating on **strengthening the activation component** of the minimum income schemes.
- However, a lot of focus on **reinforcing the link between the benefit payment and benefit conditionality** → the design and impact of activation conditions and related sanctions need to be carefully monitored to **avoid excessive penalising of people** who are already in a vulnerable situation.
- Efforts needed to **better target** active labour market policy measures on minimum income recipients.
- Transition from benefit schemes to the labour market: less of an issue of monetary incentives, more issues with abrupt loss of rights (to monetary as well as in-kind support) leading to higher insecurity.

Recommendation:

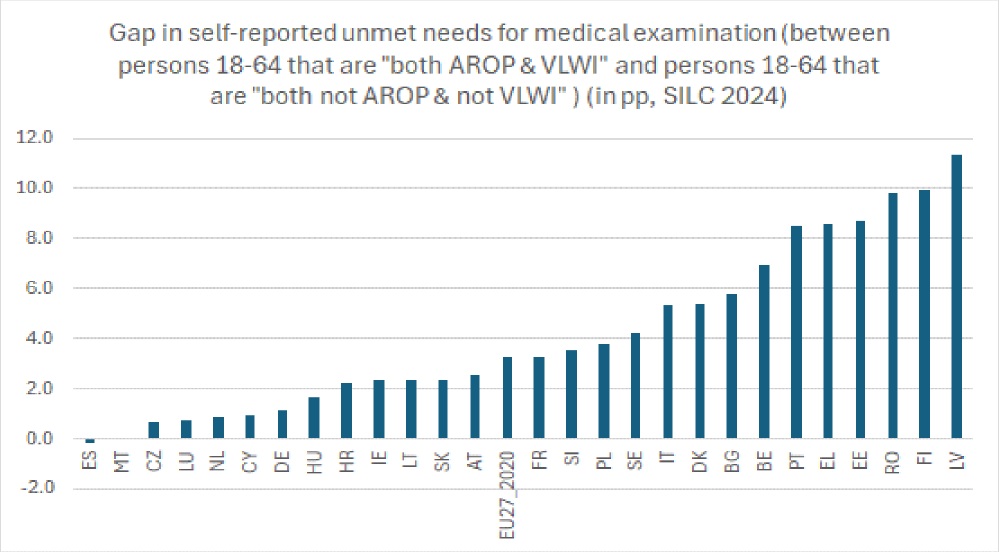
✓Combine income support with earnings from work, **progressive phasing out**.

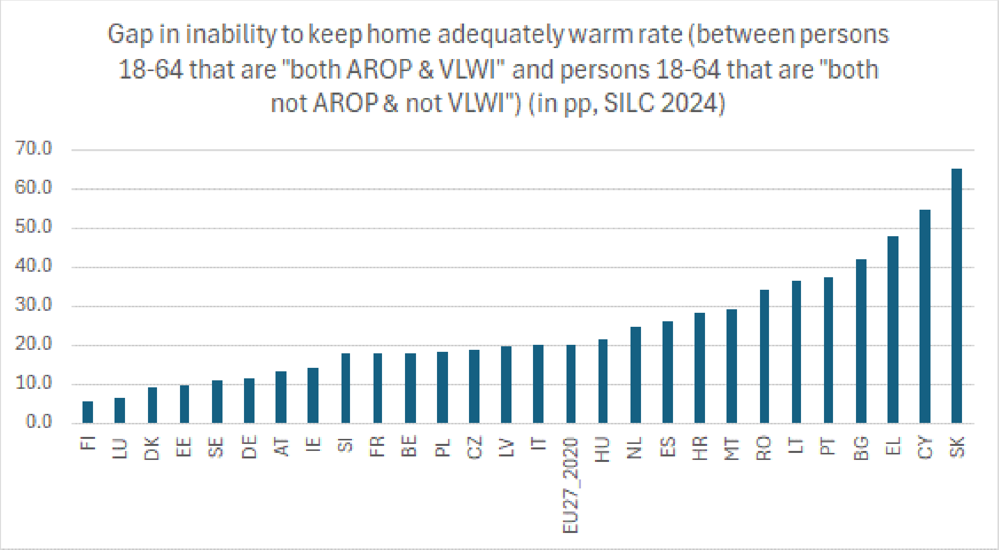
✓Offer recruitment and **job-retention** incentives and other support to employers and employees.

✓ **Training** as well as **(post)placement** and mentoring support.

Enabling and essential services

- **Enabling services** are often an integral part of the MI schemes + reforms of social services.
- **Essential services:** some Member States ensure automatic access to MI recipients but most often this is not the case, and while other Member States have service-specific schemes this might create barriers.
- **Gaps** in effective access





Source: Eurostat

Individualised support

Recommendation:

- ✓ Individual, multi-dimensional **needs assessment** to identify barriers for social inclusion and/or employment.
- ✓ N**o later than in three months**, arrange **inclusion plans** defining joint objectives, timeline and a tailored support package.
- ✓ Ensure **case manager or single point of contact**.

Mixed progress:

- In all Member States minimum income **recipients who are registered with the PES elaborate an individual action plan soon after registration.**
- However, **only half of the Member States have developed a distinct social inclusion plan** going beyond the typical employment-related services provided by the PES, and **only seven Member States do it within 3 months** of accessing the minimum income scheme.