



## **Peer Review on “Ensuring adequate assistance for those most in need (Minimum Income)”**

Vilnius (Lithuania), 7 – 8 February 2019

### **Executive Summary**

**The Peer Review provided an opportunity to discuss and exchange information how the combination of income support, activation measures and access to services can enhance the impact of minimum income schemes implemented across Member States and ensure adequate assistance for those most in need.** The event was hosted by the Lithuanian Ministry of Social Security and Labour and brought together government representatives and independent experts from the host country and eight additional countries (Belgium, Cyprus, Czech Republic, Finland, France, Germany, Malta and Romania). Other participants included representatives from the European Commission and from the European Anti-Poverty network (EAPN).

The right to adequate minimum income benefits is one of the 20 key principles under the European Pillar of Social Rights to support fair and well-functioning labour markets and welfare systems in Member States. Specifically, Principle 14 states that “Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life”. It also states that adequate income support needs to be combined with incentives to support the (re)integration into the labour market of those who can work. In particular, the Recommendation on active inclusion (2008/867/EC) underlines the importance of a comprehensive and integrated active inclusion approach that combines adequate income support with a link to the labour market and access to quality services, and elaborates specific ways for the integration of vulnerable groups. A 2017 evaluation on the implementation of the Recommendation shows an uneven picture regarding its impact across Member States partly reflecting differences in institutional arrangements and policies that govern the provision of benefits, activation measures and related services.

Lithuania have recently implemented reforms of its Cash Social Assistance (CSA), the main benefit to guarantee a minimum income for those without sufficient resources. The reform, launched in 2012, had two main elements: (1) decentralisation of the provision of CSA, devolving responsibility to local municipalities, and (2) introduction of activation measures to support the labour market (re)integration of working-age CSA recipients. The reform was first implemented in five municipalities, and following an assessment of the results, it was extended to all municipalities in 2015. Further amendments were adopted in 2016 which aimed to create more favourable conditions for low-income residents and to ensure adequacy of assistance.

Building on the experiences and outcomes of the CSA reforms in Lithuania, the Peer Review sought to discuss the participating Member States’ policies regarding the development and assessment of adequate assistance for those most in need. Participants welcomed the opportunity to follow-up and build on the Peer Review on the same topic, which took place in November 2018 in Berlin, Germany. In Vilnius,

they were now able to discuss further which governance arrangements are set up to ensure the implementation and coordination of minimum income support and what implications these have for the adequacy of the benefits. The discussion also identified a number of factors that contribute to long-term dependency on minimum income schemes and highlighted measures that could prevent and address this. Additional discussion points concerned the role of integrated services to improve the social inclusion and activation of minimum income recipients, including those with specific needs, and how cooperation between actors at national and decentralised level can be improved to facilitate this process.

**The key policy messages from the Peer Review can be summarised as follows:**

***Adequacy of minimum income benefits to secure decent standards of living***

- While all the participating countries have some form of minimum income scheme in place, these vary considerably across the countries. Differences concern, among others, the benefit level, specific eligibility conditions, the scale of provision as well as the governance and delivery of such benefits. Moreover, these are strongly embedded in the broader context of the respective welfare system.
- In terms of adequacy, in addition to discussing the different approaches used by countries for establishing the benefit level (e.g. based on consumption basket), the Peer Review also provided the possibility for participants to collect ideas on the most relevant indicators and information to include and monitor when setting the level of minimum income benefits. Proposed elements included minimum consumption basket, AROPE, unemployment rate, level of minimum wage, leeway of state budget, and also indicators related to well-being. The methodology and indicator mix of reference budgets were seen as a comprehensive and important way to assess the adequacy of minimum income schemes for ensuring a decent standard of living.

***Preventing long-term dependence on social assistance***

- The discussions identified a number of factors that contribute to long-term dependence on benefits. Lack of access to adequate and flexible social services, inadequate activation measures, low work incentives, and discrimination were mentioned as important causes. In addition, individual factors, such as health and mental problems (like for instance addictions) were highlighted. What also emerged from the peer review discussions is that the problem is often a result of a combination of multiple factors. Tackling these various elements requires coordinated action in the provision of monetary support and of different types of services (e.g. childcare, home care, healthcare, housing etc.), completed by measures to facilitate labour market integration and social inclusion.
- Participants agreed that active labour market programmes, and in particular targeted interventions, are crucial to prevent dependence. The discussions pointed here to the importance of individualised assessment and job profiling, as well as tailor-made support for minimum income recipients. Some existing good practices, such as peer group support (in Belgium) or the case management approach (e.g. in Lithuania), that could be transferred to other country contexts, were highlighted.
- The need for providing incentives to take up employment was also emphasised. For instance, continued payment and tapering of benefits, as in Malta, while taking up a job and working could increase the incentives to work and can be supplemented by incentives targeting employers, provided in the form of wage subsidies, for example.

### ***Adequacy, accessibility and effectiveness of social services for minimum income recipients***

- Access to flexible and quality service provision, in particular ensuring access to specialised services, and the need for a variety of access points to ease access for service users with different needs was considered essential by the participants. In this regard, the peer discussion drew attention to prevailing disparities in the availability and quality of services provided both within and across the countries. The role and importance of integrated services (e.g. one-stop-shop, in its various existence) was emphasised.
- The Peer Review echoed the notion that strengthening cooperation across different governance levels (central, regional, local) and between different stakeholders (e.g. local municipalities, public service providers, civil society organisations) is crucial to improve accessibility and effectiveness of social services for minimum income recipients. The discussion also underlined the need for clarity of roles between central and local government levels and between employment and social services.

### ***Common challenges and solutions related to non-take-up and misuse***

- A key performance criterion of social protection systems is that benefits reach their target groups, however minimum income schemes often suffer from various access problems (e.g. intransparent or complex schemes, poor information, or similar institutional barriers).
- While social fraud or abuse of the social assistance system was found to be a minor issue in Member States' practice, non-take-up was highlighted as a particular problem in a number of countries. As non-take-up can distort intended welfare impact of targeted social transfers, result in unjustified disparities among eligible clients, and reduces the capacity to anticipate both social outcomes and financial costs of policy reforms, participants agreed that more attention should be paid to this issue.
- Increased scientific knowledge with respect to improved data collection, monitoring and evaluation, and further developing methods to identify and measure non-take-up is key in order to ensure the efficiency and equity of public spending.

### ***Further exchange between Member States***

- Participants from the host country Lithuania as well as the peer countries Belgium, Czech Republic, Cyprus and Germany had also participated in the Peer Review on 'Minimum income benefits – securing a life in dignity, enabling access to services and integration into the labour market', which took place in Berlin (Germany), 15-16 November 2018. The opportunity to exchange and work together on one topic during two subsequent Peer Reviews was underlined as an effective way to tackle common challenges and to further explore and build upon initial outcomes obtained.
- The possibility to contribute with in-depth analysis of the situation in Member States as well as with good practices to the more structured dialogue among Member States' authorities on a voluntary base was seen as very positive. The outcomes of such thematic discussions on designing and implementing minimum income schemes could feed into the work of the Social Protection Committee.