



Minimum income: more effective support needed to fight poverty and promote employment

Brussels, 28 September 2022

Today, the Commission calls on Member States to modernise their minimum income schemes as part of the ongoing pledge to reduce poverty and social exclusion in Europe. The [proposed Council Recommendation on adequate minimum income ensuring active inclusion](#) sets out how Member States can modernise their minimum income schemes to make them more effective, lifting people out of poverty, while promoting the labour market integration of those who can work.

Minimum income is cash payments that help households who need it to bridge the gap to a certain income level to pay the bills and live a life in dignity. They are particularly important in times of economic downturns, helping to cushion drops in household income for people most in need, thereby contributing to sustainable and inclusive growth. They are generally complemented with in-kind benefits giving access to services and targeted incentives to access the labour market. In this way, minimum income schemes are not a passive tool but act as a springboard to improve inclusion and employment prospects. Well-designed minimum income schemes strike a balance between alleviating poverty, incentivising work and maintaining sustainable budgetary costs.

Minimum income and social safety nets must incorporate sufficient incentives and support for beneficiaries who can work to reintegrate in the labour market. Their design should therefore also help to fully realise the potential of the green and digital transitions by supporting labour market transitions and active participation of disadvantaged people.

The social and economic advantages of adequate and targeted social safety nets became even more important during the lockdowns linked to the COVID-19 pandemic. Adequate minimum income is highly relevant in the current context of rising energy prices and inflation following Russia's invasion of Ukraine as income measures can be targeted to specifically benefit vulnerable groups.

The proposal will help achieve the EU's 2030 social targets to reduce the number of people at risk of poverty or exclusion by at least 15 million people as set in the [European Pillar of Social Rights Action Plan](#). It will also help Member States reach the goal that at least 78% of the population aged 20 to 64 should be in employment.

Executive Vice-President for an Economy that Works for People, Valdis **Dombrovskis**, said: *"Social protection systems help to reduce social inequalities and differences. They ensure a dignified life for those who cannot work - and for those who can, encourage them back to a job. At a time when many people are struggling to make ends meet, it will be important this autumn for Member States to modernise their social safety nets with an active inclusion approach to help those most in need. This is how we can fight poverty and social exclusion, and help more people into work during this challenging period."*

Commissioner for Jobs and Social Rights, Nicolas **Schmit**, said: *"Today, more than one in five people in the EU are at risk of poverty and social exclusion. Minimum income schemes exist in all Member States, but analysis shows that they are not always adequate, reach all those in need, or motivate people to return to the labour market. Against a backdrop of soaring living costs and uncertainty, we must ensure our safety nets are up to the task. We should pay particular attention to getting young people back into work also through income support, so they do not get trapped in a vicious cycle of exclusion."*

Well-designed social safety nets to help people in need

While minimum income exists in all Member States, their adequacy, reach, and effectiveness in supporting people vary significantly.

Today's [proposal for a Council Recommendation](#) offers clear guidance to Member States on how to ensure that their minimum income schemes are effective in fighting poverty and promoting active inclusion in society and labour markets.

Member States are recommended to:

- **Improve the adequacy of income support:**
 - Set the level of level of income support through a **transparent and robust methodology**.
 - While safeguarding incentives to work, ensure income support **gradually reflects a range of adequacy criteria**. Member States should achieve the adequate level of income support by the end of 2030 at the latest, while safeguarding the sustainability of public finances.
 - **Annually review and adjust where necessary** the level of income support.
- **Improve the coverage and take-up of minimum income:**
 - Eligibility criteria should be **transparent and non-discriminatory**. For instance, to promote gender equality and economic independence, especially for women and young adults, Member States should facilitate the receipt of income support per person, instead of per household, without necessarily increasing the overall level of benefits per household. In addition, further measures are needed to ensure the take-up of minimum income by single-parent households, predominantly headed by women.
 - Application procedures should be **accessible, simplified** and accompanied by **user-friendly information**.
 - The decision on a minimum income application should be issued **within 30 days from its submission**, with the possibility of reviewing this decision.
 - Minimum income schemes should be **responsive to socio-economic crises**, for instance by introducing additional flexibility regarding eligibility.
- **Improve access to inclusive labour markets:**
 - Activation measures should provide **sufficient incentives to (re)enter the labour market**, with particular attention to helping young adults.
 - Minimum income schemes should help people to **find a job and keep it**, for instance through **inclusive education and training** as well as (post)placement and mentoring support.
 - It should be possible to **combine income support with earnings** from work for shorter periods, for instance during probation or traineeships.
- **Improve access to enabling and essential services:**
 - Beneficiaries should have **effective access to quality enabling services**, such as (health)care, training and education. Social inclusion services like counselling and coaching should be available to those in need.
 - In addition, beneficiaries should have **continuous effective access to essential services**, such as energy.
- **Promote individualised support:**
 - Member States should carry-out an individual, **multi-dimensional needs assessment** to identify barriers that beneficiaries face for social inclusion and/or employment and the support needed to tackle them.
 - On this basis, **no later than three months** from accessing minimum income, beneficiaries should **receive an inclusion plan** defining joint objectives, a timeline and a tailored support package to reach this.
- **Increase the effectiveness of governance of social safety nets** at EU, national, regional and local level, as well as **monitoring and reporting mechanisms**.

EU funding is available to support Member States in improving their minimum income schemes and social infrastructure through reforms and investments.

Better impact assessments for fair policies

Today, the Commission also presents a [Communication on better assessing the distributional impact of Member States' reforms](#). It offers guidance on how to better target policies in a transparent way, making sure that they contribute to addressing existing inequalities and taking into account the impact on different geographical areas and population groups, like women, children and low-income households. The Communication covers guidance on the policy areas, tools, indicators, timing, data and dissemination of the assessment. The guidance presented today is also relevant for Member States when designing their minimum income schemes.

Next steps

The Commission [proposal for a Council Recommendation on adequate minimum income ensuring active inclusion](#) will be discussed by Member States with a view to adoption by the Council. Once

adopted, Member States should report to the Commission every three years on their progress on implementation. The Commission will also monitor progress in implementing this Recommendation in the context of the European Semester. The proposed instrument – a Council Recommendation – gives Member States enough leeway to determine how to best achieve the objectives of this initiative, taking into account their specific circumstances.

Background

Over [one in five persons](#) – or 94.5 million people in total – were at risk of poverty or social exclusion in the EU in 2021. Social safety nets play a key role in supporting these people and helping them to (re)enter the labour market if they can. However, more effective social protection systems are needed, with around 20% of jobless people at risk of poverty not being eligible to receive any income support and estimates of around 30% to 50% of the eligible population not taking up minimum income support.

The [European Pillar of Social Rights](#) includes principle 14 on the right to adequate minimum income. To promote social inclusion and employment and ensure that no one is left behind, the Commission has presented many additional initiatives, which complement today's proposal. This includes the proposal for a [Directive on adequate minimum wages](#) to ensure that work pays for a decent living; the [European Child Guarantee](#) to give children free and effective access to key services; and the [European Care Strategy](#) to improve the situation especially of women and people in the care sector. The Commission [Recommendation for Effective Active Support to Employment \(EASE\)](#) offers guidance on active labour market policies, including upskilling and reskilling. The [Council Recommendation on ensuring a fair transition towards climate neutrality](#), sets out specific guidance to implement policies for a fair transition, with particular attention to vulnerable households. Finally, the [Commission proposal for a Regulation on an emergency intervention to address high energy prices](#) seeks to address the dramatic energy price increases by reducing consumption and sharing the exceptional profits of energy producers with those who need help the most.

For More Information

[Proposal for a Council Recommendation on adequate minimum income ensuring active inclusion](#)

[Communication on better assessing the distributional impact of Member States' reforms](#)

[Questions and answers: Adequate minimum income](#)

[Factsheet: Adequate minimum income](#)

IP/22/5706

Press contacts:

[Veerle NUYTS](#) (+32 2 299 63 02)

[Flora MATTHAES](#) (+32 2 298 39 51)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)

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