



Council of the
European Union

114589/EU XXVII. GP
Eingelangt am 04/10/22

Brussels, 3 October 2022
(OR. en)

13051/22
ADD 3

SOC 535
EMPL 368
ECOFIN 950

COVER NOTE

| | |
|----------|--|
| From: | The Social Protection Committee |
| To: | Permanent Representatives Committee (Part 1)/Council |
| Subject: | Joint Report from the Social Protection Committee and the European Commission on Minimum Income - Country Profiles (part 2) |

Delegations will find attached the Country Profiles (part 2) annexed to the Joint Social Protection Committee and European Commission Report on Minimum Income (doc. 13051/22 ADD 1).

The key messages which are drawn from this report are contained in doc. 13051/1/22 REV 1.

The 2022 Minimum Income Report

Country profiles

Volume II

*Joint Report prepared by the Social Protection Committee (SPC)
and the European Commission (DG EMPL)*

Table of Contents

| | |
|------------------|----|
| FRANCE | 3 |
| CROATIA | 7 |
| ITALY | 11 |
| CYPRUS | 15 |
| LATVIA | 19 |
| LITHUANIA | 22 |
| LUXEMBOURG | 26 |
| HUNGARY | 30 |
| MALTA | 34 |

FRANCE

1. Description of the national scheme

The active solidarity income (*revenu de solidarité active*, RSA) is the main minimum income benefit in France. It is combined with the activity bonus, a means-tested top-up acting as an in-work benefit for people with low incomes. The RSA was introduced in 2008, replacing the previous minimum income benefit (the RMI, *revenu minimum d'insertion*, which was created in 1988). Its purpose is “to provide its beneficiaries with adequate means of existence, in order to fight against poverty, encourage the exercise or return to a professional activity and help the social integration of the beneficiaries” . Originally, the RSA consisted of two parts, the ‘RSA base’ (*RSA socle*) and the ‘RSA activity’ (*RSA activité*), an in-work benefit supplementing income from activity. As of 1 January 2016, the RSA activity as well as another tax in-work benefit – the employment bonus (*prime pour l'emploi*) – were replaced by a new scheme, the activity bonus (*prime d'activité*)¹.

Eligibility - coverage

The benefit recipient rate reaches 97% (close to full coverage) and has slightly increased over the past decade, thus remaining significantly higher than the EU average (78% in 2019).

In order to be eligible for the RSA, claimants must: be **aged over 25** (although the RSA is open, under certain conditions, to people aged 18-24 if they are single parents or have at least two years of professional activity during the last three years), be French or have **held a residence permit authorising work for at least five years** (this condition is not applicable to refugees, beneficiaries of subsidiary protection, stateless persons, and foreigners holding a residence card or a residence permit provided for by treaties and international agreements and conferring equivalent rights), **not be a pupil, student or trainee** and **not be** on parental or sabbatical leave, **unpaid leave** or on stand-by. Anyone residing permanently in France is entitled to the RSA² (asylum-seekers are eligible to a specific allowance, *allocation pour demandeur d'asile*), including homeless people as long as a social centre provides a address for them.

The amount of the RSA depends on the resources of the households (i.e. all the people filling out a single tax return).³ The amount of resources taken into account is the monthly average of the resources received during the three months preceding the request and the benefit is then calculated each trimester after the first request.

The **activity bonus** is a ‘top-up’ in-work benefit supplement. To be eligible, claimants must be older than 18, live in France on a settled basis and exercise a professional activity.

By the end of June 2021, 1.94 million households (including spouses and dependent children, nearly 3,9 million people) were covered by the RSA (5,7% of the French population) and nearly 8,9 million people were covered by the activity bonus (including spouses and children), representing 13% of the French population. 18% of households receiving RSA basis also benefited from the activity bonus.

Regarding non-take-up, several studies have been conducted. Data concerning the RSA from a 2011 survey showed that the take-up rate for the RSA was on average 50% (64% among those eligible for

¹ Law No 2015-994 of 17 August 2015 relating to social dialogue and employment: <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000031046061>.

² Sub-section 1: Conditions for entitlement (Articles L262-2 to L262-12).

³ A long list of resources is taken into account in calculating the right to the RSA, among which are income from salaried and non-salaried activity, exceptional resources (e.g. sale of a house), invested capital, rents, certain allowances or social benefits, and unemployment benefits. See: <https://www.service-public.fr/particuliers/vosdroits/F24585>.

the RSA base only, 67% among those eligible for both the RSA base and RSA activity, and 32% among those eligible for the RSA activity alone). Lack of knowledge, refusal of assistance, misunderstanding about the RSA on the part of those eligible essentially appear to be key drivers of non-take-up. Another evaluation of the activity bonus carried out in 2017 estimated a take-up rate of 73%. This level of non-take-up (27%) was much lower than in 2011. A recent evaluation⁴ highlights that one third of eligible households do not take up the RSA on average each quarter and a fifth on a longer term basis.

Adequacy of benefits

The amount of the **RSA basis** is calculated, for each household, by taking the differential between a lump sum (whose level varies according to the composition of the household and the number of dependent children) and household's resources (excluding some sources excluded by law). The parameters (amounts and annual revision) are set annually by decree, taking into account the evolution of consumer prices. In 2022, the RSA basis is equal to €575 per month (in gross terms, the RSA is not taxable) for single people without children. It reaches €863 per month for couples without children, €1,036 per month for couples with one child; and €1,209 per month for couples with two children. For single parents, the amount was €863 per month for households with one child, and €1,036 per month for two children⁵. For any additional children or household members, the increase was €230 per month.

The amount of the **activity bonus** is calculated as well considering a lump sum and the composition of the household. The lump sum was equal to €563.68 in 2022. This amount initially increases with earnings and then is progressively phased out.

The benefits are reviewed every quarter. The payment is made continuously for three months (usually paid on the 5th of each month). After three months, a new declaration and request must be made to have an adjustment and/or extension.

In addition, RSA beneficiaries can benefit from several other rights⁶: universal health protection or complementary solidarity health, housing allowances, and reductions in housing taxes, audio-visual fees, and social telephony charges. They may also be able to access other forms of local assistance, such as reduced prices or free access to certain services (such as transport or school meals), depending on the measures taken by the local authorities and the services concerned. They also have access to child benefits and support for childcare.

In 2019, the adequacy of the minimum income benefits (68% of the poverty threshold and 51% of the income of a low wage earner for a single household) was slightly above the EU average, while it has remained almost unchanged over the last decade (see table in section 2).

Labour market activation, social inclusion and access to services

Beneficiaries of the RSA are subject to activation measures ('rights and duties') when they are job-seekers or when their average income from professional activity is less than €500 per month. The same rights and duties apply to beneficiaries and their spouses or co-habiting partners. 99% of beneficiaries are concerned by these measures. On the basis of a needs assessment, the most appropriate support is determined. RSA beneficiaries are oriented towards different types of support. According to 2020 data, 83% of beneficiaries are effectively oriented towards a specific type of support.

⁴ [Mesurer régulièrement le non-recours au RSA et à la prime d'activité : méthode et résultats | Direction de la recherche, des études, de l'évaluation et des statistiques \(solidarites-sante.gouv.fr\)](#)

⁵ There are possible increases if the person becomes a single parent after a life event, such as a separation or the spouse's death. This increase is limited in time. If the event occurs after the dependent child turns 3, the increase lasts 12 months and must be paid during the 18 months following the date of the event. If the event occurs before the dependent child turns 3, the increase lasts until the child turns 3. The amounts in this case are: €726 (single pregnant woman), €968 (1 child), €1,210 (2 children), and €241 per additional child.

⁶ <https://www.service-public.fr/particuliers/vosdroits/F20237>

Two different types of support are available, i) vocational guidance with the objective to find a job (in principle entrusted to the PES) and ii) social orientation (aiming at addressing those personal social difficulties that represent a barrier in finding a job). In total, among those who are oriented some support, 42% are oriented towards the PES (i.e. vocational guidance) and 58% towards another support organisation (either social or socio-professional support)⁷. In both cases, the beneficiaries have to sign a cooperation agreement, defining the actions taken. In practice, half of the RSA recipients do not sign such an agreement, mostly due to lack of means (administration staff and financial resources for implementation).

There is coordination between PES advisors and social workers from the departmental council working as pairs. PES advisors help define the return-to-work project to enhance the skills of the job-seeker in relation to their project and employment opportunities. Social advisors help beneficiaries find solutions to deal with financial, administrative, or legal difficulties related to housing, health, or mobility. In 2020, this support concerned 90,000 job-seekers who are also RSA beneficiaries. Concerning social inclusion plans, this work assumes close co-ordination between social actors at the local level. Social workers who follow beneficiaries can rely on other actors, for example in the field of health or housing. In practice, this occurs but there are local differences.

If beneficiaries do not respect the rights and duties framework, sanctions can be applied following an examination of the situation by a multidisciplinary team.

Governance

Administration of the RSA is entrusted to local authorities. Each authority is responsible for financing the RSA (partly from own funds, partly from contributions provided by the State), leading and managing support measures, controlling and ensuring adherence to reciprocal commitments and fighting fraud. This decentralised policy suffers from funding problems, with many local authorities struggling to fund the system – in particular because of COVID-19, as the number of beneficiaries has risen sharply, with no increase in revenue to match. In this context, since 2022, in Seine Saint-Denis and Pyrénées-Orientales departments, the management of the RSA has been entrusted to the State for a five-year experiment because of the authorities' difficulties in financing the RSA.

Each local authority elaborates an integration plan which sets out the main lines and orientations of social support for RSA beneficiaries. At local level there might be territorial integration pacts which bring together all those actors involved in integration and support who participate in the local integration plan. There also are local plans for integration and employment, which cover the guidance and follow-up of beneficiaries, in close co-operation with the local authority; local social centres and NGOs are entrusted with social integration plans, while the PES (*Pôle Emploi*) is in charge of professional integration plans.

Regarding the monitoring and evaluation of the RSA, each year, the Ministry of social affairs publishes detailed national and departmental results, relying on a large and exhaustive survey. It also organises a statistical census of all the data on RSA beneficiaries each month and their socio-demographic data⁸. In addition, each local authority should regularly evaluate its integration policy.

Reform objectives and trends

Regarding COVID-19-related changes, for all those who fulfilled the eligibility criteria for the RSA in September or October 2020, there was a one-off supplementary payment of €150 per adult and €100 for each dependent child.

⁷ See the infography: https://drees.solidarites-sante.gouv.fr/sites/default/files/2020-12/2020_infographie_minima.pdf.

⁸ <https://data.drees.solidarites-sante.gouv.fr/explore/dataset/donnees-mensuelles-sur-les-prestations-de-solidarite/information>, https://data.drees.solidarites-sante.gouv.fr/explore/dataset/336_minima-social-rsa-et-prime-d-activite/information

Following a debate in 2020-21 on the eligibility of young people under 25 for the RSA, in the context of COVID-19 emphasising youth poverty and difficulties in accessing the job market, the government announced in 2021 the establishment of a youth engagement contract (*contrat d'engagement jeunes*) for all young people under 26 without training or employment for several months, and under 29 when disabled. The scheme should not be conceived as a minimum income for young people, but as financial compensation granted to the young people who enrol on a path of integration. They receive 15-20 hours of support per week to find a job or training. An allowance of up to €500 per month may be provided subject to means test, attendance and acceptance of activity offers made. This measure has been enacted as of March 2022⁹.

In terms of financing the schemes, another similar experiment (presented above for Seine Saint-Denis and Pyrénées-Orientales departments) will be carried out from 2023 for four years in which local authorities can request to take part.

There are preliminary discussions about introducing a condition for the receipt of minimum income upon participation in some community works / employment program.

2. A presentation of the state of play of MI outcomes and performance in the country

In terms of outcomes, France performs in all selected indicators around the EU average, except for poverty gap for jobless households, which stands much better than the EU average. All indicators remained stable both in short or long term changes.

As for the performance indicators, the impact of social transfers on poverty is much higher than the EU average and it remained stable since 2010. The indicators assessing access to services (gap indicators) show also almost no changes over the last decade and the gap in housing cost overburden rate is well below the EU average.

| | | FR (SILC 2020) | EU27 (SILC 2020) | FR (short term change) | FR (long term change) |
|-------------------------------|---|-------------------|---------------------|---------------------------|--------------------------|
| Outcome indicators | | | | | |
| | Poverty gap total (18-64) in % | 23.7 | 27.7 | 4.1 | 2.0 |
| | Poverty gap for QJH (18-64) in % | 27.2 | 37.3 | 1.3 | 3.5 |
| | MSD rate total (18-64) in % | 13.2 | 12.7 | 0.9 | 0.8 |
| | MSD rate for QJH (18-64) in % | 45.2 | 43.8 | -4.5 | -2.1 |
| | AROP rate for QJH (18-64) in % | 59.2 | 61.6 | -1.0 | 1.1 |
| Performance indicators | | | | | |
| | Impact of social transfers on poverty reduction (18-64) in % | 48.7 | 35.6 | 2.2 | 0.7 |
| | Benefit recipient rate for AROP & QJH (18-64) in % | 97.4 | 78.5 | 4.5 | 3.6 |
| | Gap in self-reported unmet needs for medical examination in % | 3.1 | 3.4 | -1.4 | 0.1 |
| | Gap in housing cost overburden rate in % | 23.6 | 34.7 | 1.2 | 1.0 |
| Adequacy indicators | | | | | |
| | As a share of the poverty threshold in % | 68% | 60% | 0% | 0% |
| | As a share of the income of a low wage earner in % | 51% | 46% | -5% | -2% |

Note : Short term change: SILC 2020 vs SILC 2018 ; Longer term change: SILC 2020 vs SILC 2010 except for all indicators QJH (SILC 2020 vs SILC 2015). QJH stands for Quasi-Jobless Households.

⁹ <https://www.gouvernement.fr/lancement-du-contrat-d-engagement-jeune-jusqu-a-500-eu-par-mois>

CROATIA

1. Description of the national scheme

The Social Welfare Act defines different social rights, including the 'Guaranteed Minimum Benefit' (GMB) that should ensure the fulfilment of basic needs of a person or a household. The base amount to calculate the GMB was established by Government Decision and household GMB cannot exceed the gross minimum wage.

Eligibility – coverage

The benefit recipient rate reaches 52% in 2019, significantly below the EU average (78%) and has remained stable over the past decade.

Permanent residence is required, with temporary residence accepted in exceptional circumstances. National citizens are eligible and foreign nationals with residence permits are entitled to benefits.

There are no age requirements.

Household disposable income earned in the three months before the claim is taken into account, including income from work, property or social benefits. The benefit is the difference between the GMB amount and the average monthly income of the person or household in the three months prior to the month claiming the benefit. A number of sources of income are not taken into account in the means-test, such as housing allowance, fuel allowance, disability allowance, care allowance, personal disability allowance, child support, and social benefits from regional or local government.

People are not eligible for GMB if they own a second residence that is rented,¹⁰ or if they have sold a property within three years prior to their claim. In some cases, inheritance of worthless real estate could be grounds for a person's non-eligibility. Generally, claimants cannot possess a registered vehicle, except in cases of disability, old age or limited mobility.

There were 57 335 GMB beneficiaries in 2020, approximately 1.5% of the country's population, showing a declining trend in recent years. No data are available on the non-take-up rate and no research has been undertaken in this area.

Adequacy of benefits

The value of the GMB was set by a 2014 Government Decision at HRK 800 (EUR 106)¹¹, without a specific reference used to underpin the level of the benefit. There is no automatic indexation of GMB benefits and it has been unchanged since.

The amount of the GMB is determined as a percentage of the base, for a single person incapable of work: 115% (HRK 920, EUR 122), single person capable of work 100% (HRK 800, EUR 106), adult household member 60% (HRK 480, EUR 64), child 40% (HRK 320, EUR 42), child of a lone parent 55% (HRK 440, EUR 59).

Rights to GMB function as a 'passport' to other benefits, such as one-off allowances, housing benefits, fuel allowance, or benefit for energy buyers at risk. A one-off allowance of up to HRK 2 500 (EUR 330) for a single person can be approved once a year in cases of sudden difficulties in meeting basic needs.

In principle, housing benefits are provided to GMB recipients. Paid by local governments or by the City of Zagreb, they cover the cost of rent, electricity, gas, heating, water, water drainage and other

¹⁰ The Social Welfare Act does not set a specific value for that second property, but if an owned property could be used to generate income through rental or sale, without compromising basic needs, then a person or household will be deemed ineligible.

¹¹ https://narodne-novine.nn.hr/clanci/sluzbeni/2014_09_114_2172.html

housing costs. The benefits amount up to 50% of the monthly amount of the GMB to which the individual or household is entitled. In addition, GMB beneficiaries who use wood for heating are entitled to a fuel allowance (3 cubic metres of firewood once a year) or a financial amount for the same purpose, determined by the competent regional government. Beneficiaries of GMB and personal disability allowance are entitled to the benefit for energy buyers at risk. The monthly amount of the benefit is determined by Government Regulation, up to a maximum of HRK 200 (EUR 26). These benefits can be renewed and are unlimited in time. The Social Welfare Act from 2013 introduced the 'social benefits ceiling', which stipulates that the maximum social benefits accumulated by one household cannot exceed the minimum gross salary.

In 2019, the adequacy of the minimum income benefits (44% of the poverty threshold and 36% of the income of a low wage earner for a single household) was below the EU average and has declined over recent years (see table in section 2).

Labour market activation, social inclusion and access to services

Unemployed GMB beneficiaries capable of working (aged between 15-65) must be registered with the Croatian Public Employment Service and must accept any job offer, regardless of their qualifications or experience, including temporary and seasonal jobs. Exceptions to these rules apply to various group of people¹².

If recipients of GMB (specifically the claimants) refuse a job offer or terminate their employment, their right to benefit can be suspended for a period of six months. Claimants capable of working are required to take part in active labour market policy (ALMP) measures and have to participate as directed in community work programmes organised by local authorities for 30-90 hours per month. If they do not comply, their GMB entitlement is suspended.

According to the PES, 25 586 unemployed GMB were registered out of 159 845 total registered unemployed in 2020.

All unemployed (including unemployed GMB beneficiaries) registered with the Croatian PES must prepare an employment plan, which comprises several activities, such as individual counselling within 15 days of registering as unemployed, and create a professional job search plan with a counsellor within 60 days. Long term unemployed should be included in motivational counselling and should draft and sign an agreement on inclusion in the labour market (individual action plan).

In 2018, 3.4% of all registered unemployed GMB beneficiaries were involved in ALMPs while general unemployed participation in ALMP was 24.1% in 2018 and 28.7% in 2019 (data for 2020 are not representative, due to the COVID 19 lockdown). GMB beneficiaries appear less likely to be activated through ALMP measures and they most often participate in public work and training ALMPs. When they are engaged in community work (initiated by the local community or civil society organisations), the GMB is not suspended.

Beneficiaries taking up a job continue to receive GMB support for the first three months - the full amount in the first month of work, 75% in the second month, and 50% in the third month. The right to the GMB is suspended after three months of work if the average earnings over the period exceed the amount of the GMB.

¹² People who are within five years of entitlement to the old-age pension, children up to the age of 15, or older for the period of their regular education, or young adults up to 29 until the end of their education, pregnant women and new mothers for up to six months after giving birth, parents caring for children up to the age of one for one child, up to three for twins, and up to 10 for three or more children, as well as parents on adoption leave, people wholly incapable of working, those established as being temporarily unemployable by a competent authority, according to special regulations, unemployed family members with no income, caring for a child or for an adult family member who is unable to take care of themselves, insofar as the care provided replaces institutional care under the Social Welfare Act.

The links between receipt of GMB and access to appropriate services is intended to be facilitated by social case workers, for example through multidimensional assessments (e.g. health assessment). The welfare centers use this assessment on a discretionary basis. Beneficiaries do not sign a formal social integration plan, but, after the assessment, are usually informed about the social services suited to their situation. Public health services are available to GMB beneficiaries under the same conditions as other citizens, usually free of charge. Childcare facilities for children of GMB beneficiaries is usually free of charge, but finding a place may be problematic, as priority is based on parents' employment status. Children in GMB beneficiaries' households have a right to completely free local and intercity public transport.

Governance

The scheme is national, financed from the central budget, and implemented under the authority of the Ministry. It is administered by 83 welfare centers. Units of local and regional self-government (municipalities, cities and counties) have to cover for housing and heating costs for their poorest households.

Monitoring primarily refers to any changes in the employment and income situation of the beneficiaries. The welfare centers and the PES have to exchange data on beneficiaries aged between 15 and 65, who are unemployed and able to work, or partially able to work. There are two types of exchange: daily/monthly and periodic. The daily/monthly exchange is initiated by the welfare centre to check whether individuals are registered in the unemployment register. These are individual cases (new users, additional checks for existing users, etc.). Periodic exchange happens several times a year, where all GMB beneficiaries are checked for registration with the PES.

The welfare centers are equipped with a database and software (*Soc.skrb*) and are connected with other public databases (e.g. local and regional tax offices), as well as with local/regional Croatian employment offices. No mechanisms have been established for regular evaluation of the GMB scheme.

Reform objectives and trends

No specific measures sought to simplify or facilitate access to GMB or other social benefits were taken during the COVID-19 crisis in Croatia

2. A presentation of the state of play of MI outcomes and performance in the country

In terms of outcomes, Croatia performs around the EU average, except for poverty gap and poverty rate for jobless households, which have remained unchanged in a long-term. MSD rates have significantly decreased in both population categories.

As for the performance indicators, the impact of social transfers on poverty is lower than the EU average. The indicators assessing access to services (gap indicators) show similar rates to EU average and the gap in housing cost overburden rate has significantly improved over the last decade.

Table – Common indicators from the minimum income benchmarking framework

| | | HR (SILC 2020) | EU27 (SILC 2020) | HR (short term change) | HR (long term change) |
|-------------------------------|---|-------------------|---------------------|---------------------------|--------------------------|
| Outcome indicators | | | | | |
| | Poverty gap total (18-64) in % | 28.9 | 27.7 | -1.3 | 0.8 |
| | Poverty gap for QJH (18-64) in % | 47.0 | 37.3 | -1.9 | 1.3 |
| | MSD rate total (18-64) in % | 8.9 | 12.7 | -2.4 | -9.6 |
| | MSD rate for QJH (18-64) in % | 42.3 | 43.8 | -3.3 | -10.8 |
| | AROP rate for QJH (18-64) in % | 75.2 | 61.6 | -4.6 | 0.0 |
| Performance indicators | | | | | |
| | Impact of social transfers on poverty reduction (18-64) in % | 30.3 | 35.6 | -0.2 | -2.3 |
| | Benefit recipient rate for AROP & QJH (18-64) in % | 52.5 | 78.5 | 4.2 | -0.5 |
| | Gap in self-reported unmet needs for medical examination in % | 4.3 | 3.4 | 0.0 | 0.5 |
| | Gap in housing cost overburden rate in % | 31.4 | 34.7 | -7.8 | -19.0 |
| Adequacy indicators | | | | | |
| | As a share of the poverty threshold in % | 44% | 60% | -7% | Not available |
| | As a share of the income of a low wage earner in % | 36% | 46% | -3% | Not available |

Note : Short term change: SILC 2020 vs SILC 2018 ; Longer term change: SILC 2020 vs SILC 2010 except for all indicators QJH (SILC 2020 vs SILC 2015). QJH stands for Quasi-Jobless Households.

ITALY

1. Description of the national scheme

Italy introduced its national minimum income (MI) scheme ('Inclusion Income') in 2018, which was then replaced in 2019 by the 'Citizenship Income' (*Reddito di Cittadinanza*, RdC), a means-tested cash benefit targeting poor households and conditional on participation in job search or social inclusion activities. It is a last-resort income scheme, complemented by other benefits available to poor households. The 'Citizenship Income' becomes the 'Citizenship Pension' (*Pensione di Cittadinanza*, PdC) if all household members are aged 67+ years, or those under 67 in the household are disabled; in these cases, it is not conditional on job search.

Eligibility – coverage

The benefit recipient rate reaches 66% and has significantly increased over the past decade (+22 ppts), though it remains lower than the EU average in 2019 (78%).

In order to be eligible, households have to satisfy a set of income/wealth requirements and have resided in Italy for 10 years, the last two years continuously. Convicted individuals cannot apply for the benefit for 10 years after their final sentence.¹³ There are no conditions in respect of the age of household members.

The means test is set based on the indicator of equivalised economic conditions (*Indicatore Situazione Economica Equivalente*, ISEE) taking into account both income and wealth (where wealth is valorised at 20% of its amount) with a maximum value of EUR 9 360.¹⁴ The income test is set as the annual equivalised income should not be higher than EUR 6 000 (EUR 7 560 for the PdC), where the equivalised income is computed using an equivalence scale different to that used by the ISEE.

No income is exempt in the computation of the income threshold and claimants should not possess housing wealth (excluding primary residence) higher than EUR 30 000. Financial wealth cannot be higher than EUR 6 000, increased by EUR 2 000 for each additional household member, up to a maximum of EUR 10 000. The financial wealth threshold is increased by EUR 1 000 for each child from the third child onwards; the threshold is also increased by EUR 5 000 for each disabled household member (EUR 7 500 for those with a serious disability). Eligibility conditions also apply to the endowment of durable goods, such as vehicles beyond certain categories.

There are no automatic adjustments of means-testing thresholds and benefit amounts. The benefit is paid for a maximum of 18 months, at which time it may be renewed by submitting a new application (the payment is suspended for a month).

Beneficiaries of the RdC (but not the PdC) considered fit to work must sign a 'Work Pact' with the Public Employment Services (PES) and accept at least one of two 'suitable' job offers in the first 18 months¹⁵. Those who are unfit to work have to sign a 'Social Inclusion Pact' with the municipal social services. Beneficiaries in both active labour management policies (ALMPs) and social inclusion activities are obliged to take part in 'valuable projects for the community' for 8-16 hours a week, if their municipality starts one such project.

¹³ The Scientific Committee for the Assessment of Citizenship Income (2021) has noted that the exclusion of ex-prisoners clashes with the need to reintegrate these individuals in society.

¹⁴ ISEE rules consider some exemptions of income and wealth in their calculations (Law Decree No 159/2013).

¹⁵ Suitability is assessed in terms of wage (monthly wage above EUR 850 (i.e. 10% higher than the maximum RdC amount for a single person) and distance (first job offer: workplace no more than 80km from place of residence; second offer: whole Italian territory (80 km from place of residence in case of temporary or part time job); in case of benefit renewal, the first job offer has to be accepted whatever the distance).

In September 2021, 1 336 944 households (corresponding to 2 969 016 individuals) were receiving the RdC, the number of beneficiaries having risen significantly since the outbreak of COVID-19.

Adequacy of benefits

The benefit for a single household tops-up annual income to EUR 6 000. It increases with household size, according to an equivalence scale that assigns limited increases in the income threshold when the number of household members – particularly minors – rises. Independently of household size, RdC recipients receive monthly an additional EUR 280 towards their rented accommodation, with home owners receiving EUR 150 towards their mortgage. Therefore, the maximum monthly benefit for a single household is set at EUR 780.

An equivalence scale is used to adjust the benefit amount and the income test threshold for other households that attributes 0.4 to each additional adult and 0.2 to each minor under 18. The equivalence coefficient cannot exceed 2.1, irrespective of household size (2.2 if there is a disabled household member). A couple with three children under 18 (equivalence size: $1+0.4+3*0.2=2$) can receive up to EUR 12 000 per year, while the maximum annual amount for a household composed of two (or more) adults and at least four children under 18 is EUR 12 600 (in both cases, the contribution for rent or mortgage is added up to a maximum of 3360 euros per year). This scale thus may place households with many members and minors at a disadvantage. However, from 2022, recipient households will receive the new 'unique and universal child allowance', which will replace all existing tax exemptions and allowances for households with children. Households receiving the RdC will receive EUR 175 per child (increased to EUR 260 for the third and subsequent children) monthly, but the RdC amount will be smaller.

The RdC is compatible with the condition of employment or beneficiary of other treatments. For instance, the RdC may be provided to recipients of other cash and in-kind welfare benefits (e.g. the RdC may top-up the amount of unemployment benefits if total household resources are below the income and wealth thresholds). From 2021, beneficiaries of the RdC are automatically entitled to water, sanitation, gas and energy bonuses, which allow them to pay lower tariffs for these types of essential services¹⁶.

In 2019, the adequacy of the minimum income benefits (89% of the poverty threshold and 64% of the income of a low wage earner for a single household) was significantly higher than the EU average and has increased significantly over the last decade from very low initial levels (see table in section 2).

Labour market activation, social inclusion and access to services

Entitlement to RdC is strongly linked to beneficiaries' involvement in active labour market or social inclusion activities, depending on the previous work history of household members. Only people with disabilities, elderly individuals, those in formal education or training, caregivers for seriously disabled individuals or children under 3, and low-paid workers working at least 20 hours a week are excluded from these obligations. Individuals assigned to the PES first receive a quantitative profile (i.e. an index of their likelihood of still being unemployed in a 12-month period), then undergo a face-to-face interview about their motivational and soft skills. After establishing their profile, the PES defines an individual action plan. The PES should meet individuals addressed to them within 30 days of approval of the MI application.

Households where no members are directed to sign the 'Work Pact' take a social inclusion path (managed by the municipality), following a multidimensional assessment to identify household

¹⁶ These benefits are established at national level and consist of both in-kind benefits (the 'water bonus') and in reduced tariffs (the 'waste tax' rebate, the 'electricity bonus', the 'gas bonus'). See https://www.arera.it/it/bonus_sociale.htm for details of access to essential services for low-income people.

needs and appropriate services within 30 days of approval of the application for MI, and should sign the 'Social Inclusion Pact' within 20 days of that assessment.

In January 2021, of the households subjected to activation requirements, 49% were covered by active labour management policies (ALMPs), 41% were in social inclusion activities, and 10% had at least one member in ALMPs and another in social inclusion activities.

A set of sanctions is applied to recipients who do not take part in ALMPs or social inclusion activities..

Governance

The Ministry of Labour and Social Policy is responsible for the regulation and implementation of the RdC. The monetary benefit is delivered by INPS at the national level. ALMPs and social inclusion services are delivered at the regional and municipal level, respectively. The PES are organised at the regional level and are responsible for implementing 'Work Pacts', while municipalities are responsible for implementing 'Social Inclusion Pacts'.

Applicants may apply for the benefit through the post office, in a '*patronato*' (an office set up by a trade union or association to give free help and advice on social security and other matters), in a fiscal assistance centre, or by completing an online application form. The application itself is quite simple, however it requires applicants to be in possession of a valid ISEE declaration to indicate their financial circumstances.

The Ministry of Labour and Social Policy is responsible for monitoring the implementation of the RdC and publishing an annual report.

Reform objectives and trends

The implementation of ALMPs and social inclusion services for MI scheme recipients is experiencing delays resulting from the COVID-19 pandemic, which began shortly after the introduction of the RdC.

During the COVID-19 crisis, two changes were temporarily introduced to the RdC. Firstly, the conditionality rules on beneficiaries' job search activities were suspended from March to July 2020. Secondly, the government introduced a top-up supplement for RdC recipients in the categories of workers protected through the extraordinary allowances for self-employed/atypical/seasonal workers and where the RdC amount was lower than the amount of those allowances. An additional benefit, 'Emergency Income' (*Reddito di Emergenza*, REM) was introduced in 2020 and renewed in 2021. For several months, the REM was granted according to different eligibility conditions in order to protect poor households that were not covered by the emergency measures introduced during the pandemic, nor entitled to unemployment benefits, short-time work allowances, or RdC.

2. A presentation of the state of play of MI outcomes and performance in the country

In terms of outcomes, Italy performs better than or around the EU average in Material and Social Deprivation (MSD) rates in the observed populations, but shows a much higher poverty gap for jobless households and a higher poverty rate for the same population, showing an increase in long-term changes. MSD rates have been improved significantly in both population categories.

As for the performance indicators, the impact of social transfers on poverty is much lower than the EU average and it has remained unchanged since 2010. The indicators assessing access to services (gap indicators) are around or slightly higher (housing) than the EU average but both have improved over the last decade.

Table – Common indicators from the minimum income benchmarking framework

| | | IT (SILC 2020) | EU27 (SILC 2020) | IT (short term change) | IT (long term change) |
|-------------------------------|---|-------------------|---------------------|---------------------------|--------------------------|
| Outcome indicators | | | | | |
| | Poverty gap total (18-64) in % | 31.3 | 27.7 | -2.5 | 2.7 |
| | Poverty gap for QJH (18-64) in % | 51.7 | 37.3 | -4.5 | -5.8 |
| | MSD rate total (18-64) in % | 11.7 | 12.7 | -1.4 | -10.4 |
| | MSD rate for QJH (18-64) in % | 36.5 | 43.8 | -2.1 | -17.0 |
| | AROP rate for QJH (18-64) in % | 65.4 | 61.6 | 5.4 | 9.0 |
| Performance indicators | | | | | |
| | Impact of social transfers on poverty reduction (18-64) in % | 22.9 | 35.6 | -0.4 | 0.3 |
| | Benefit recipient rate for AROP & QJH (18-64) in % | 65.5 | 78.5 | 19.8 | 21.7 |
| | Gap in self-reported unmet needs for medical examination in % | 3.8 | 3.4 | -1.6 | -10.1 |
| | Gap in housing cost overburden rate in % | 40.0 | 34.7 | -6.8 | -2.3 |
| Adequacy indicators | | | | | |
| | As a share of the poverty threshold in % | 89% | 60% | 89% | 89% |
| | As a share of the income of a low wage earner in % | 64% | 46% | 64% | 64% |

Note : Short term change: SILC 2020 vs SILC 2018 ; Longer term change: SILC 2020 vs SILC 2010 except for all indicators QJH (SILC 2020 vs SILC 2015). QJH stands for Quasi-Jobless Households.

CYPRUS

1. Description of the national scheme

The Cypriot Guaranteed Minimum Income (henceforth GMI - Ελάχιστο Εγγυημένο Εισόδημα – ΕΕΕ) scheme was introduced in 2014. It aims to ensure a socially acceptable minimum standard of living for persons (and families), legally residing in the Republic of Cyprus, whose income and other economic resources are insufficient to meet their basic and special needs. The GMI is provided in the form of monetary support and/or services.

The GMI is a means-tested benefit, using a combination of income and asset eligibility criteria, and is available to all households, whose incomes fall below a specified 'minimum income threshold'. Benefit levels reflect both 'means' and 'needs'. Household 'means' are based on all the income available to the household, so as to finance basic consumption (including other social benefits), while 'needs' reflect the cost of attaining a minimum standard of living for all household members, and therefore vary with household size and composition.

The scheme consists of three pillars: income support, access to services and activation and along with all of its complementary components and associated policies. It was gradually introduced between the years 2014 and 2019.

Eligibility – coverage

The benefit recipient rate reaches 74% and has increased over the past decade (+8 ppts), and is now close to the EU average (78% in 2019).

Access to the GMI is determined on the basis of income, age, nationality, residency, employment status, and the financial assets of applicants and beneficiaries. Applicants and beneficiaries must also satisfy a number of job-related conditions, such as being registered with the PES and accepting 'suitable' jobs. Not complying to these conditions endangers eligibility.

GMI applicants must be over the age of 28 (there is no upper bound). Exceptions to this rule include: married couples, single parents, orphans, disabled people and people under the age of 28 who, on reaching 18, were under the care of the Welfare Services Director and are studying within or outside the borders of Cyprus. The GMI is not meant to address the specific needs of young people (for school fees, professional training, etc.).

The family unit consists of the applicant, the spouse/partner, children under the age of 18 who live under the same roof and children between the ages of 18 and 28 living in Cyprus or studying abroad.

All GMI applicants must have resided in Cyprus for a continuous five-year period. Third-country citizens need to have an immigration permit and the right to long-term stay in the country. Valid temporary residence permits are also required for family members of third-country nationals who are not GMI applicants. Refugees and victims of trafficking can also apply for the GMI but asylum-seekers are not eligible.

The following income is taken into account in the means test: from work (including self-employment), from alimony, from allowances/grants given by the government, and other social benefits, from any pension plan, pension fund, social insurance plan or occupational plan and from real property and movable assets. If claimants and/or any members of their family units own property worth more than €100,000, they are not eligible for the GMI. Some incomes are excluded from the means test, such as soldier's allowance, disability allowances and grants, charity organizations/institutions contributions, students' grants, funeral allowance, childbirth allowance and any scheme supporting pensioner households with low income, training or vocational experience allowances, monthly allowances granted to people actively engaged in the field of literature and arts, amounts provided by people belonging to the family unit from the Welfare

Lottery Fund and economic assistance granted as emergency financial aid. Furthermore, when calculating the level of income from work, a series of income disregards are taken into account to strengthen work incentives.

There is a periodic assessment of entitlement to the GMI, reviewing for example, information on people who are not registered as unemployed, the income and deposits of GMI beneficiaries and the family units benefiting from the GMI. Data on income and assets are collected every month, while other kinds of data are collected daily (labour market participation data, job rejection and quitting) or ad hoc (e.g. updating of address and family composition).

GMI beneficiaries have the right to appeal for a series of reasons (within 60 days after receiving a notification about the decision to which they appeal).

Adequacy of benefits

The level of the basic amount is calculated using a reference budget methodology and varies depending on the size and age structure of the recipient unit. It is calculated by subtracting the family income from the basic needs (plus housing needs). More specifically, it provides €480 for the main applicant, €240 for the spouse and children between the ages of 14 and 28, €144 for children under the age of 14 and takes into account rent or loan interest, depending on family composition and district.

The second pillar provides access to subsidized or free-of-charge services (e.g. healthcare, discounts on electricity, free attendance at government institutes of education, psychological and career advice services, and, in the case of recipients with dependants, subsidized childcare and long-term care). The GMI also covers municipal taxes, sewage taxes, municipal garbage collection charges and certain extraordinary needs.

In 2019, the adequacy of the minimum income benefits (78% of the poverty threshold and 74% of the income of a low wage earner for a single household) was significantly higher than the EU average but has eroded in the recent years (see table in section 2).

Labour market activation, social inclusion and access to services

Based on the relevant legislation, GMI recipients must register with the PES, accept any suitable jobs¹⁷ offered; not quit a job and participate in (where available) VET programmes, communal service, personal/social development seminars, and personal tutoring from PES counsellors. Failure to do any of the above (for example, if people refuse to accept a job offer that is relevant to their skills) may result in temporary or complete loss of entitlement. No exemption seems to have been introduced during the pandemic.

Overall, although the activation component of the scheme appears to have been less developed than the other two GMI components, during the last 2-3 years there has been significant progress. When participating in ALMPs, GMI recipients continue to receive full GMI-related benefits. Personalized employment agreements include, inter alia, details on the most adequate policies for GMI recipients. Examples of ALMPs targeted at GMI recipients include programmes for gaining work experience, recruitment subsidies, development of labour market skills; subsidizing flexible forms of employment; incentives schemes (wage subsidies, on-the-job training, subsidized training programmes) for the training and recruitment of unemployed people in dynamic sectors of the economy, such as the tourist industry and subsidizing the employment of people with disabilities. Some programmes explicitly designed for GMI recipients, like the 'scheme for providing incentives for the recruitment of GMI recipients, in combination with three months training', and the 'scheme for the placement of GMI recipients in the (wide) public sector for acquiring work experience.

¹⁷ In theory, this means a job that people are able to do, after taking into account their skills and level of education. In practice, however, especially during periods of higher unemployment, it is doubtful whether this rule is taken into account.

GMI recipients are in principle entitled to a comprehensive package of services and the GMI is integrated with the social services provided. The provision of care services under the GMI scheme therefore follows a personalized approach, in the sense that the needs of the individual are evaluated by professional teams of the Social Welfare Services, with a view to deciding on the type, range, and duration of the services that are necessary for the person being considered. GMI beneficiaries, inter alia, get a subsidy aimed at providing them with access to long-term care and childcare services.

The integrated provision of targeted social services for GMI beneficiaries appears to be one of the main strengths of the Cypriot scheme. However, issues such as the relatively high degree of administrative steps may hinder members of groups deemed to be vulnerable (e.g. low-educated people), alongside ill-informed beneficiaries, from benefiting from the GMI-related social services.

Governance

The design and implementation of the Cypriot GMI takes place at the national level. Although there are cases where local authorities and non-governmental organizations may participate in organizing various GMI-related initiatives, the architecture of the scheme does not allow regional or local features.

A computerized social benefit register is used to collect information about the people receiving benefits. The data collected relate to the number and characteristics (age, sex, income, level of educational attainment, etc.) of GMI applicants and beneficiaries, as well as their household composition, among other things.

Reform objectives and trends

There is a process of re-examining the documents required by GMI applicants, so as to simplify the application process and minimize the number of the paperwork needed. Moreover, there are plans to reinforce the Welfare Services with additional personnel. This will allow the paying authority to offer individual service points to both GMI applicants and beneficiaries.

In addition, the online application system, which is currently being developed, is expected to enhance both communication and transparency. The recent launch of a website, which includes detailed descriptions of all the requirements, documents, manuals, checklists and hundreds of answers to 'Frequently Asked Questions', regarding all the benefits offered (the GMI included), should also improve the services provided. Additional information includes data collected from other agencies or service providers, such as the PES, in regards to labour market history, sources of personal or household income (including other social transfers), current and previous participation in social services, social integration and rehabilitation programmes and current and previous participation in ALMPs.

Aside from using the data mentioned above for administering benefits and share with other agencies or service providers (e.g. PES), the data collected are used for monitoring and evaluation purposes. In the case of monitoring, performance indicators have been adopted (e.g. indicators measuring the poverty gap, poverty intensity, and severe material deprivation). Monitoring takes place at the national level and reports are delivered on a yearly basis. Evaluations are carried out internally. As with monitoring reports, evaluation reports are only for internal use.

2. A presentation of the state of play of MI outcomes and performance in the country

In terms of outcomes, Cyprus performs in all selected indicators generally better than the EU average and shows significant improvement of the situation over the last decade.

As for the performance indicators, the impact of social transfers on poverty is close to the EU average, broadly stable since 2010. The indicators assessing access to services (gap indicators) show mixed picture, in line with the EU average for healthcare and better than EU average for housing.

Table – Common indicators from the minimum income benchmarking framework

| | | CY (SILC 2020) | EU27 (SILC 2020) | CY (short term change) | CY (long term change) |
|-------------------------------|---|-------------------|---------------------|---------------------------|--------------------------|
| Outcome indicators | | | | | |
| | Poverty gap total (18-64) in % | 17.7 | 27.7 | -0.9 | -2.4 |
| | Poverty gap for QJH (18-64) in % | 22.7 | 37.3 | 0.9 | -5.2 |
| | MSD rate total (18-64) in % | 11.3 | 12.7 | -5.1 | -12.5 |
| | MSD rate for QJH (18-64) in % | 36.3 | 43.8 | -14.0 | -13.9 |
| | AROP rate for QJH (18-64) in % | 48.5 | 61.6 | -7.3 | -3.2 |
| Performance indicators | | | | | |
| | Impact of social transfers on poverty reduction (18-64) in % | 38.8 | 35.6 | -1.7 | 1.4 |
| | Benefit recipient rate for AROP & QJH (18-64) in % | 73.9 | 78.5 | -3.7 | 8.6 |
| | Gap in self-reported unmet needs for medical examination in % | 4.5 | 3.4 | -1.1 | 0.4 |
| | Gap in housing cost overburden rate in % | 12.4 | 34.7 | 6.7 | 2.4 |
| Adequacy indicators | | | | | |
| | As a share of the poverty threshold in % | 78% | 60% | -8% | Not available |
| | As a share of the income of a low wage earner in % | 74% | 46% | -4% | Not available |

Note : Short term change: SILC 2020 vs SILC 2018 ; Longer term change: SILC 2020 vs SILC 2010 except for all indicators QJH (SILC 2020 vs SILC 2015). QJH stands for Quasi-Jobless Households.

LATVIA

1. Description of the national scheme

In Latvia - the guaranteed minimum income (GMI) benefit (*pabalsts garantētā minimālā ienākuma līmeņa nodrošināšanai*) is a non-contributory minimum income scheme, with the fundamental aim of the ensuring minimum level of income for each member of a household in need whose income is lower than the GMI threshold set by the government.

Eligibility – coverage

The benefit recipient rate reaches 77% in 2019 and has been broadly stable over the past decade, thus remaining in line with the EU average (78%).

There are no restrictions in respect of citizenship¹⁸, age, labour market situation. However, the Law on Social Services and Social Assistance defines groups who are not entitled to social assistance benefits (including the GMI benefit) as those who are in a place of imprisonment or an institution of long-term social care and social rehabilitation or an educational institution for social correction.

Eligibility is assessed by considering the income level of a household. Along with income level, a person has to be registered as unemployed (for non-employed working-age people, with some exceptions¹⁹) and have a registered residence in the administrative territory (municipality) in order to claim GMI benefit. Only people designated as 'in need' (with a monthly income threshold of EUR 272 for the first person and EUR 190 for each subsequent person in the household) are eligible.

The means test considers the income from paid employment, income from casual work, state social insurance benefits and allowances (including unemployment benefit), pensions and income from capital and assets. Various benefits available for families, such as childraising, disability, education allowances, scholarships, transport support are exempted.

The decision of the municipal social service office to grant the GMI benefit may be challenged at the local government council and a household may launch an appeal against that decision before the courts. No data are available on such appeals.

In 2020, 16 511 people received the GMI benefit, including 3 057 children (19%), 6 393 unemployed (39%), 1 629 others of working age (10%), 2 766 people with disabilities (17%), and 2 666 people of retirement age (16%). Due to increase of the threshold in 2021, it is estimated that the number of people 'in need' would increase by 72% between 2020 and 2021. Take-up or non-take-up of the GMI benefit has not been studied and there is no information on the numbers of eligible people who do not apply for the benefit.

Adequacy of benefits

The GMI benefit is calculated as the difference between the GMI level and the claimant's average monthly income over the previous three months. The GMI level is determined per person, but the amount of benefit is calculated for the household. Since 2021, the unified GMI threshold has been set at EUR 109 per month for the first person in a household and EUR 76 per month for each subsequent person in that household.

The GMI benefit is granted for a period of three months, as long as the person or household is considered to be in need, and is renewable as long as the entitlement conditions are fulfilled.

¹⁸ The right to social assistance, including the GMI benefit, is guaranteed to citizens and non-citizens of Latvia, third-country nationals and their family members with a permanent residence permit.

¹⁹ A person with disabilities, the recipient of an -age pension, a woman on antenatal or maternity leave, a parent on childcare leave or another person in a household who is caring for a child of pre-school age, if it is not possible to ensure otherwise due to objective reasons, is one of a disabled child's parents if the child does not receive appropriate care services, is a person aged 15+ in full-time education in a basic education, general secondary or vocational secondary education institution, or a full-time student in a higher education institution.

The law stipulates that the GMI level must be reviewed at least every three years but it is not bound to any specific indicator (there is no automatic indexation nor adjustment for inflation). Since 2021, the Plan for Improving the Minimum Income Support System 2022-2024 has defined a common national methodology for the GMI level. In year N it is set at 20% of the median income of year N-3. The median income figures are projections calculated by Central Statistical Bureau (CSB). As a result, in 2021, it is set at 20% of the median income for 2018 (i.e. EUR 109 per month), in 2022 the GMI remains at the 2021 level. In 2023, according to the most recent data, it will be EUR 125 (20% of the median for 2020), and in 2024 it will be EUR 127 (20% of the median for 2021).

There are two basic social benefits administered and paid by local governments GMI benefit and housing benefit, and two supplementary benefits - crisis benefit and benefit to cover certain expenses, for instance, healthcare benefit. None of these three other benefits is directly linked with GMI benefit, but in principle beneficiaries can have access to them. Subsidised energy (reduced electricity costs) is also available to persons 'in need'.

In 2019, the adequacy of the minimum income benefits (42% of the poverty threshold and 33% of the income of a low wage earner for a single household) was significantly lower than the EU average, and has eroded over the last decade (see table in section 2).

Labour market activation, social inclusion and access to services

All non-employed working-age GMI benefit recipients aged 15-64 are required to register as unemployed to actively seek work or training. Registration has to be within one month of filing for benefits. After being registered, a person has to sign an individual job search plan, similar to recipients of unemployment benefits. The length of this procedure is not specified, but the person is obliged to pay a visit once to month to discuss the implementation of their individual job search plan. They are also obliged to participate in the ALMP measures specified in the individual job search plan, cannot refuse suitable job offers more than once, and should document at least three job applications in a two-month period. Anyone failing to comply with these rules is not registered as unemployed and if they are a GMI beneficiary, their GMI benefit payments are stopped.

After three months in employment the benefit is stopped since 2017 and, during that time, the earnings of the individual in relation to the monthly minimum wage is disregarded. This tapering mechanism smooths the transition from benefits to work.

The municipal social services have to assess beneficiaries' needs, material and personal resources (motivation, necessary knowledge and skills, education, profession, etc.) and social support system, as well as to determine their participation obligations and agree on measures. Needs assessment – based on a common framework – has to pay special attention to families with children. All GMI beneficiaries undergo this assessment. Social services are not targeted, other than through the individual assessment of a person's situation. Social workers inform the beneficiaries about specific social services and social benefits available.

Governance

The GMI benefit is regulated at national level and administrated by the municipal social services office and financed from the municipal budget. Municipal social services offices are responsible for assessing a person's income and living conditions, deciding on granting social assistance and providing social benefits financed by the municipality.

The monitoring of social assistance, including the GMI benefit, is coordinated and published by the Ministry of Welfare. Municipalities compile monthly data on beneficiaries of social assistance in accordance with a common national methodology and submit them to the Ministry of Welfare.

Reform objectives and trends

During the COVID – 19 pandemic, documents could be submitted remotely and the municipal social service could grant GMI benefit on the basis of a previous application. A national level scheme for

benefit in crises was introduced providing support in a situation when a person (household) could not ensure their basic needs. The amount of the benefit was determined by the local government, the state co-financed 50% of the amount (the state co-financing max. €40 per month²⁰ and EUR 75 per month²¹) for an adult and 100% of the amount (€50) for each child in the family. The GMI benefit has been administered and financed by the municipalities. It is planned that from 2023, the GMI benefit and housing benefit will be co-financed by the State.

The eligibility criteria for the GMI benefit are set to be reviewed in 2022, primarily for the types of income considered in the means test.

2. A presentation of the state of play of MI outcomes and performance in the country

In terms of outcomes, Latvia performs in all selected indicators below or much below the EU average, in particular for poverty gap and poverty rate for jobless households, which remained unchanged since 2010. MSD rates are also worse than the EU average, but have significantly improved in both population categories.

As for the performance indicators, the impact of social transfers on poverty is lower than the EU average even if it has slightly improved since 2010. The indicators assessing access to services (gap indicators) show different performance, the gap in self-reported unmet needs for medical examination is much higher than the EU average, while housing cost overburden rate performs better. Both have improved over the last decade.

Table – Common indicators from the minimum income benchmarking framework

| | | LV (SILC 2020) | EU27 (SILC 2020) | LV (short term change) | LV (long term change) |
|-------------------------------|---|-------------------|---------------------|------------------------------|-----------------------------|
| Outcome indicators | | | | | |
| | Poverty gap total (18-64) in % | 32.9 | 27.7 | -1.0 | 1.0 |
| | Poverty gap for QJH (18-64) in % | 52.4 | 37.3 | -5.1 | 0.3 |
| | MSD rate total (18-64) in % | 14.1 | 12.7 | -4.8 | -13.1 |
| | MSD rate for QJH (18-64) in % | 50.4 | 43.8 | -8.2 | -23.2 |
| | AROP rate for QJH (18-64) in % | 80.2 | 61.6 | 0.7 | 0.0 |
| Performance indicators | | | | | |
| | Impact of social transfers on poverty reduction (18-64) in % | 28.4 | 35.6 | 5.1 | 1.2 |
| | Benefit recipient rate for AROP & QJH (18-64) in % | 76.8 | 78.5 | 4.3 | -1.2 |
| | Gap in self-reported unmet needs for medical examination in % | 13.6 | 3.4 | 0.6 | -1.5 |
| | Gap in housing cost overburden rate in % | 25.5 | 34.7 | -11.2 | -7.6 |
| Adequacy indicators | | | | | |
| | As a share of the poverty threshold in % | 42% | 60% | -4% | 7% |
| | As a share of the income of a low wage earner in % | 33% | 46% | -2% | -20% |

Note : Short term change: SILC 2020 vs SILC 2018 ; Longer term change: SILC 2020 vs SILC 2010 except for all indicators QJH (SILC 2020 vs SILC 2015). QJH stands for Quasi-Jobless Households.

²⁰ In force from 12 March 2020 to 31 July 2020 and from 9 November 2020 to 24 February 2021.

²¹ In force from 25 February 2021 to 30 June 2021 and from 1 July 2021 to 31 December 2021.

LITHUANIA

1. Description of the national scheme

In Lithuania, the minimum income support available to the working-age population²² includes social benefit and reimbursement for the cost of heating, hot water and drinking water from municipalities. Monetary social assistance is centralised in terms of eligibility criteria, conditionality rules and the formula for estimating the amount of social assistance benefit and reimbursement of costs. The provision of monetary social assistance is implemented by the municipalities.

Eligibility - coverage

The benefit recipient rate reaches 83% in 2019, somehow higher than the EU average (78%) and has been increasing over the past decade.

The eligibility conditions for monetary social assistance include residence, an income and assets test, and – for those fit to work – employment or willingness to work.

Monetary social assistance is conditional on residence and can be received by citizens of Lithuania or those with a long-term permit to reside in Lithuania. Homeless people or those who do not have a valid address, but legally reside in Lithuania, can declare their residency in a municipality even without an address. Those have been granted protection or asylum are eligible (under certain conditions).

Income is tested after deducting taxes, social contributions and applicable exemptions and is averaged over the previous three months. The current threshold is 1.1 x state supported income (SSI) per person per month. The applicable exemptions include child benefit, several types of targeted compensation, some other types of social benefits, such as unemployment insurance benefit, monetary donations, and a proportion of earnings and earnings-related income. The size of the earning disregards-work related income and unemployment benefit differs by households²³.

The assets test takes into account the value of real estate and movable assets, which may not exceed a defined value. The assets test may restrict access to monetary social assistance for those with high-value assets.

Social benefit is received by around 2% of the total population and 10% of those below the at-risk-of-poverty threshold in 2020 (an annual average of 57,741 recipients)²⁴ and this varied substantially across municipalities. Social benefit was received on average for 7.3 months in 2020. Around 30% of recipients received it for more than 12 months in a row, while 40% were short-term social assistance recipients (30% of beneficiaries returned to the social assistance system within a year in 2020).

There is little information on non-take-up of monetary social assistance in Lithuania. An assessment based on SILC survey data and EUROMOD microsimulation showed the non-take-up of social benefit was around 20% (as of 2016). The rate of non-take-up was higher among single people, and single parents with children, than among other family types (e.g., couples, and couples with children). A recent study commissioned by the Ministry of Social Security and Labour was conducted in 2022. It shows that the main reasons of non-take-up of monetary social assistance are related with the lack of information, complex procedures, shadow income, social barriers and stigmatization. According to this study non-take-up of social assistance is much higher and using different research methods can vary between 27 and 49 percent.

²² Regulated by the Law on Monetary Social Assistance for Low-Income Residents.

²³ The size of the disregards varies from 20% for a single person to 40% for a family with three children or more.

²⁴ In 2021 – 2.4 % (an annual average of 66.6 thous. recipients)

Adequacy of benefits

The threshold for monetary social assistance depends on household composition and the duration of its receipt and is set using the amount of the SSI. The SSI must not be less than 50% of minimum consumption needs (MCN). The calculation of the MCN is based on national statistical data on household expenditure and nutritionists' information on minimum food requirements and indexed annually to price changes. The amount of social benefit payable is the difference between the threshold and the disposable income of recipients after applicable deductions. This amount is reduced over time for those of working-age and capable of working, but monetary social assistance recipients who find employment may be eligible for extra payments.

Currently, the amount of social benefit for single beneficiaries in the first six months is the difference between 1.4 x SSI and the actual income, maximum €205.8 per month. For months 6-12 it decreases to 1.2 x SSI maximum €176.4 per month and after 12 months further to 1.1 x SSI -maximum €161.7 per month. The amount of social benefit for people living together is 100% of the difference between 1.1 x SSI per person per month and the actual income per family member for the first family member maximum €161.7 per month, 90% of the same difference for the second member maximum €145.53 per month and 70% of the same difference for the third and any additional family members maximum €113.19 per month.

The amount of social benefit payable is reviewed every three months and depends on income, family composition, duration of benefit receipt and employment status.

Various benefits are also available for low-income population and their families, though not specifically linked to MI benefit receipt, such as universal child benefit and additional child benefit, social assistance to pupils, educational stipends, a single person benefit, compensation for renting social housing or private accommodation, in-kind support for food and hygiene products, compensation and in-kind goods and services (e.g., lump-sum, periodical, conditional or targeted social assistance paid by municipalities, reduced fees for childcare, provision of essential clothing, and sauna vouchers).

In 2019, the adequacy of the minimum income benefits (51% of the poverty threshold and 40% of the income of a low wage earner for a single household) was lower than the EU average. It has increased on the whole over the last decade but eroded over the recent years (see table in section 2).

Labour market activation, social inclusion and access to services

Those of working age who are unemployed have to register with the Employment Service or with another Member State's employment service. These conditions do not apply to people caring for children under 3 (or 8 in some exceptional cases), people with disabilities, those in education, and some vulnerable groups. Registration with the Employment service as an unemployed person requires people to be actively looking for a job and to be willing to work. An individual employment plan is signed within 30 days of registration, lasting up to one year. Recipients who register with the Employment Service are subject to the same activation regime as other registered unemployed. In addition, municipalities can assign monetary social assistance recipients who are fit to work, but who are not in work and do not participate in active labour market policy measures through the Employment Service, to perform unpaid community work (i.e. 'socially-useful activities'), which often involve manual work. However, individual needs assessments for social services are rarely carried out, because they are not mandatory by law.

Recipients who start working are entitled to receive social benefit, with some tapering. When a unemployed beneficiary finds a job (after being registered as unemployed for six months), an additional social benefit is payable for a maximum period of 12 months in a degressive manner.

Municipalities are responsible for organising social services and carrying out individual evaluations of needs for social services. The information and statistics on the social services provided to monetary social assistance recipients are actually very limited. The available data and research indicate that social services provided to monetary social assistance recipients are insufficient, are rarely based on an assessment of the individual needs of beneficiaries and lack integration with employment services.

Governance

Monetary social assistance is established by law and the provision of monetary social assistance to poor residents and the provision of social services are carried out by municipalities having some discretion in defining the conditions for entitlement. The Ministry co-ordinates, monitors and assists municipalities in the implementation of social assistance. Detailed statistical information on social assistance expenditure and recipients is provided on a monthly basis. Breakdowns are available by type of benefit, municipality, region, level of urbanisation, age group, gender, number of children in the household, and household type. A dedicated platform for monitoring social assistance effectiveness was launched in 2021 using a composite index, which consists of three dimensions: social assistance, prevention, and poverty reduction. The monitoring platform is updated on an annual basis.

Applications can be submitted online or by applying face-to-face to the municipality of the applicant's place of residence.

Although there is no common integrated approach or co-ordination between social and employment services, a pilot project for a new model of employment-promotion and motivation services for social assistance recipients has been implemented in 6 out of 60 Lithuanian municipalities since 2019 and in 23 additional ones since 2020. Since 1 June 2022, 14 additional municipalities have started implementing this model and the aim is that as of 2023 all municipalities take over the model. The project is targeted at long-term unemployed social assistance recipients, involving about 2,200 people in 2021. About a third of them found a job and worked at least part time, 6 percent started studying, volunteering, changing qualifications.

Reform objectives and trends

The assets test has been temporarily suspended during the Covid-19 pandemic until 30 April 2024, as well as at the initial stage of receiving monetary social assistance (i.e. for the first three months for those applying for support for the first time).

In order to increase the coverage and adequacy of social assistance, provide more financial support²⁵ and increase work incentives in 2020–2021 the income threshold has been increased as well as amounts of social benefit, including the partial disregard of work income.

A new website was introduced by the Ministry of Social Security and Labour in 2021 to improve access to information.

²⁵ From 1 January 2022 more favourable conditions were created for single person and for family to receive compensation for heating costs – the amount of SSI for the calculation of compensation for heating costs has been increased from 1 to 2 SSI for family and from 1.5 to 3 SSI for single resident.

2. A presentation of the state of play of MI outcomes and performance in the country

In terms of outcomes, Lithuania performs around the EU average in all selected indicators for the total population, but all the indicators for jobless households, shows significantly higher rates (poverty gap, MSD and poverty rate), regardless of some improvement observed in both population categories (except for poverty rate of jobless households, which increased).

As for the performance indicators, the impact of social transfers on poverty is around the EU average and shows little improvement since 2010. The indicators assessing access to services (gap indicators) show better performance compared to the EU average and have improved since over the last decade.

Table – Common indicators from the minimum income benchmarking framework

| | | LT (SILC 2020) | EU27 (SILC 2020) | LT (short term change) | LT (long term change) |
|-------------------------------|---|-------------------|---------------------|---------------------------|--------------------------|
| Outcome indicators | | | | | |
| | Poverty gap total (18-64) in % | 25.9 | 27.7 | -7.6 | -8.0 |
| | Poverty gap for QJH (18-64) in % | 46.9 | 37.3 | -12.0 | -3.8 |
| | MSD rate total (18-64) in % | 15.2 | 12.7 | -6.8 | -10.5 |
| | MSD rate for QJH (18-64) in % | 65.0 | 43.8 | 1.8 | -4.6 |
| | AROP rate for QJH (18-64) in % | 82.5 | 61.6 | 0.6 | 10.5 |
| Performance indicators | | | | | |
| | Impact of social transfers on poverty reduction (18-64) in % | 34.8 | 35.6 | 6.2 | 2.5 |
| | Benefit recipient rate for AROP & QJH (18-64) in % | 83.0 | 78.5 | 9.7 | 3.2 |
| | Gap in self-reported unmet needs for medical examination in % | 1.8 | 3.4 | -1.2 | -1.5 |
| | Gap in housing cost overburden rate in % | 27.3 | 34.7 | -14.0 | -20.0 |
| Adequacy indicators | | | | | |
| | As a share of the poverty threshold in % | 51% | 60% | -5% | 10% |
| | As a share of the income of a low wage earner in % | 40% | 46% | -3% | 1% |

Note : Short term change: SILC 2020 vs SILC 2018 ; Longer term change: SILC 2020 vs SILC 2010 except for all indicators QJH (SILC 2020 vs SILC 2015). QJH stands for Quasi-Jobless Households.

LUXEMBOURG

1. Description of the national scheme

The Social inclusion income (*Revenu d'inclusion sociale*: REVIS) was introduced in 2018, replacing previous minimum income scheme to ensure basic means of subsistence for its recipients. It is meant to be determined in relation to essential items and corresponding amounts of a reference budget²⁶ (defined as a priced basket of goods and services that ensures a decent standard of living in society)²⁷. REVIS is made up of the social inclusion benefit and the activation benefit, depending on the labour market status of the claimant.

Eligibility – coverage

The benefit recipient rate reaches 86% in 2019, above the EU average (78% in 2019) and has been broadly stable over the past decade.

Applicants need to have resided in Luxembourg for at least 5 years during the last 20 years (except for Luxembourgish nationals, nationals of an EU/EEA Member State, Swiss nationals, refugees and stateless persons). No distinction is made between temporary and permanent residence. Refugees are eligible, but not asylum seekers.

A minimum age of 25 years criterion applies. Dependents under 25 and children living in the same household as their parents receive benefits through the households. There are however conditions for people under 25 to be beneficiaries.²⁸

Regarding the means test, all household members' full gross income and all other financial assets need to be declared.²⁹ A number of benefits are disregarded from the means test.³⁰ A new design feature of the REVIS allows recipients to have 25% of their professional earnings excluded from the calculation to incentivise work intensity and make work pay.

Recipients have to immediately report any change in their circumstances which might affect their right to REVIS. Restitution of the inclusion benefit can be requested if relevant changes in circumstances are not reported by the recipients.

Approximately 10,000 households receive the benefits and there are currently no official figures on (non) take-up as there are no mechanisms to monitor it.

Adequacy of benefits

The social inclusion benefit is meant to cover essential living expenses for people³¹ whose income is below the “*minimum vital*” or subsistence level. This typically supports individuals who have signed an activation agreement, but is not limited to them. Individuals who are unable to work for medical reasons and even workers in full-time employment may claim the social inclusion benefit to reach the minimum amount guaranteed by the REVIS.

²⁶ However, the REVIS law has no explicit mention of the reference budget.

²⁷ [Link](#)

²⁸ Persons under 25 years of age, may claim if they are raising a child for whom they receive family allowances; those who are at least 7 months pregnant or are over 18 years of age and, due an illness or a disability, are unable to earn a living to the standard set by law or are a carer for a person receiving long-term care insurance.

²⁹ Professional income (i.e. wages and salaries), income replacement benefits (sickness, maternity, unemployment, work-related accident or illness, parental leave allowance, etc.) pensions, benefits received as part of an employment programme, rent received on owned property, maintenance/support payments; direct or indirect donations made by the applicant or beneficiary, inherited assets.

³⁰ Family benefits; back-to-school allowance; birth allowance; special allowance for severely disabled people; long-term care insurance payments (in cash); the earned income of a person under 25, until and unless it is equal to the maximum social inclusion benefit for an adult; other state financial aid, aid from social welfare offices and other private social welfare charities.

³¹ As per the reference budget, essential living expenses cover: healthy food, clothing, personal hygiene, housing, mobility, social life, lifelong learning, and special needs of children.

The threshold of the social inclusion benefit is defined by law and regularly adapted, in line with adaptations to the minimum wage, which itself is indexed to the evolution of the average wage. It is also subject to automatic price indexation (inflation). The benefit for a single person household is set below the minimum wage, and increases for each additional adult or child in the household.

The social inclusion benefit comprises a basic flat rate amount per adult (EUR 791.80/month at 1 January 2022), a basic flat rate amount per child (EUR 245.82/month at 1 January 2022), an increased amount per child in case of single-parent household (EUR 72.65/month at 1 January 2022), an amount for common household expenses (EUR 791.80/month at 1 January 2022) and an increased amount for common household expenses in cases where there are children (EUR 118.85/month at 1 January 2022).

The activation benefit provides support for those who participate in activation measures as part of an activation plan or agreement and not a traditional employment contract. It is provided monthly based on the hourly minimum wage multiplied by the number of hours the person works. It is subject to social contributions and income tax like wages and salaries.

The REVIS tops up household's total gross income to the calculated minimum income scale and can be combined with other benefits (e.g. family allowance, cost-of-living allowance). There are several in-kind benefits available, although they are not exclusive to REVIS recipients.³² There is however no separate state subsidy that covers energy bills, which can be an issue in poorly insulated homes.

In 2019, the adequacy of the minimum income benefits (87% of the poverty threshold and 70% of the income of a low wage earner for a single household) was significantly higher than the EU average, though it has somehow eroded over recent years (see table in section 2).

Labour market activation, social inclusion and access to services

Each adult applicant aged below 65 undergoes mandatory initial screening and a skills profiling. This initial screening allows to assess the applicant's ability to integrate into the primary employment market. Claimants have to be looking for employment and be and remain registered as a jobseeker, otherwise the benefit may be withdrawn. Claimants who are deemed not job-ready straightaway are referred for personalised activation and social inclusion support.

Applicants with specific needs in terms of social and professional activation are provided with an activation plan within one month to improve capabilities and employability and increase their chances of finding employment in the primary labour market. This activation plan is concluded for one year and can be renewed, or a new activation plan can be established at any time. Recipients are usually placed at public works, preparatory measures (e.g. language classes, skills assessments, basic skills acquisition, practical training) and medical treatments and other rehabilitation measures intended to restore or improve fitness for work.

Regarding sanctions, benefits may be suspended or stopped if conditions required are no longer met, particularly after prior notification. Sanctions are gradual in 3 stages whereby the person first receives a written warning, then a 20% reduction applies and eventually a suspension is introduced.

Earnings and benefits can be combined and 25% of earnings is disregarded from the calculation of the benefit and recipients continue to receive benefits as a top up.

Further targeted social support is offered to those recipients who are considered not to be job-ready following the initial screening and skills profiling. Such services include personalised support by a social worker, referrals to various social welfare services.

³² Like access to language, literacy and ICT classes; access to childcare service vouchers; free access to medical and dental care; free legal assistance; 'culture-for-all' passport; subsidised grocery shopping. Regarding financial benefits, the housing or rent subsidy is cumulable with REVIS, ranging from €134 to €294 depending on the composition and earnings of households.

Governance

The REVIS system is organised at national level and three institutions are involved in managing the scheme: the paying authority (FNS *fonds national de solidarité*) is responsible for managing, ONIS (*Office national d'inclusion sociale*) is responsible for organising social support and activation measures and ADEM (*Agence pour le développement de l'emploi*) for the screening and skills profiling of applicants, and for monitoring and organisation of employment measures.

Liaison and regular meetings take place between ONIS and ADEM, particularly regarding the transfer of REVIS recipients from one institution to the other. Liaison with the FNS involves primarily the reporting by ONIS and ADEM of issues leading to possible sanctions. There are bi-annual meetings involving the FNS to discuss broader governance matters. Certain activation measures and services are delegated by ADEM and ONIS to different partners such as training centres and the COSP (*centre d'orientation socio-professionnelle*). The FNS is responsible for monitoring the operation with the involvement of all institutions.

A Social Policy Observatory under the authority of the Minister responsible for the fight against poverty and social exclusion was established for leading quantitative and qualitative studies, evaluations and analyses in the field of social policies, including international comparative studies.

Reform objectives and trends

No changes were made to the REVIS in response the Covid-19 pandemic. However, State support was provided to workers on partial unemployment and short time working schemes, which allowed certain households to maintain their income to a large extent without the need to apply for REVIS.

2. A presentation of the state of play of MI outcomes and performance in the country

In terms of outcomes, Luxembourg performs in all selected indicators better or much better than the EU average, in particular for the MSD rates being significantly below the EU average for both observed population. While AROP rate for jobless households is still better than the EU average, it shows increase in both time change.

As for the performance indicators, the impact of social transfers on poverty is still higher than the EU average but it has declined since 2010. The indicators assessing access to services (gap indicators) show different performance, the gap self-reported unmet needs for medical examination is well below EU average and decreased, the gap in housing cost overburden rate is higher and deteriorated over the last decade.

Table – Common indicators from the minimum income benchmarking framework

| | | LU (SILC 2020) | EU27 (SILC 2020) | LU (short term change) | LU (long term change) |
|-------------------------------|---|-------------------|---------------------|---------------------------|--------------------------|
| Outcome indicators | | | | | |
| | Poverty gap total (18-64) in % | 18.0 | 27.7 | -7.1 | -0.7 |
| | Poverty gap for QJH (18-64) in % | 31.6 | 37.3 | -7.5 | 3.4 |
| | MSD rate total (18-64) in % | 5.0 | 12.7 | 0.3 | -0.9 |
| | MSD rate for QJH (18-64) in % | 21.3 | 43.8 | 2.7 | -1.8 |
| | AROP rate for QJH (18-64) in % | 55.6 | 61.6 | 7.2 | 10.6 |
| Performance indicators | | | | | |
| | Impact of social transfers on poverty reduction (18-64) in % | 39.1 | 35.6 | -3.2 | -11.4 |
| | Benefit recipient rate for AROP & QJH (18-64) in % | 85.5 | 78.5 | 0.6 | 0.0 |
| | Gap in self-reported unmet needs for medical examination in % | 1.6 | 3.4 | 0.5 | -5.6 |
| | Gap in housing cost overburden rate in % | 51.5 | 34.7 | -8.2 | 10.1 |
| Adequacy indicators | | | | | |
| | As a share of the poverty threshold in % | 87% | 60% | -1% | 4% |
| | As a share of the income of a low wage earner in % | 70% | 46% | -6% | -10% |

3. Note : Short term change: SILC 2020 vs SILC 2018 ; Longer term change: SILC 2020 vs SILC 2010 except for all indicators QJH (SILC 2020 vs SILC 2015). QJH stands for Quasi-Jobless Households.

HUNGARY

1. Description of the national scheme

The Hungarian minimum income scheme (MIS) is a benefit for persons of active age (*aktív korúak ellátása*) set by legislation since 1993³³) and composed by two categories:

- i) employment substituting benefit (ESB) (*foglalkoztatást helyettesítő támogatás*), received by those who are deemed capable of work, during the time they are not working in a public works project; and
- ii) a benefit for people suffering from health problems or taking care of a child (BHC) (*egészségkárosodási és gyermekfelügyeleti támogatás*), the social assistance, received by those not deemed capable of work.

These two benefits are considered as core MIS, and complemented by other in kind and cash benefits and access to services.³⁴

Eligibility - coverage

The benefit recipient rate reaches 93% and has slightly increased over the past decade, thus remaining higher than the EU average (78% in 2019).

Eligibility criteria include an age requirement from age 18 to retirement age and the entitlement is determined on a family basis. The benefits can be claimed by any family member, but only one person in a family can be eligible to the benefits, except for the case when two claimants are entitled to the different benefits. Asset test excludes the real estate where the claimant lives and the vehicle, which is used to transport a mobility-impaired person, but every other asset in the family is taken into account, if the value of the asset is above the limit defined by the Social Act. Hungarian citizens, persons entitled to free movement and residence, third-country nationals with resident or immigrant status, stateless persons or persons recognised by the Hungarian authorities as refugees without minimum period of residence can apply for the benefits if they live in Hungary. The benefits are conditional on legal residence.

The claimant must have exhausted all his/her entitlement to unemployment benefits (which have maximum duration of 3 months). The person cannot be eligible while receiving certain child raising allowances, or benefits for persons with reduced working capacity (disability benefits). The benefits can be combined with some other types of benefits, e.g. (non means tested) universal family allowance, public health care card system and local benefit.

The person can't be engaged in work activity (except for some specific types of simplified employment and public work), and the benefits are set to zero as of next month the beneficiaries gets any work income. During the first 120 days of gainful activity, the payment of the benefit is only suspended, but the entitlement is not ceased (only as of 121st day).

The entitlement to minimum income (MI) benefits is not time limited but subject of a (bi)annual³⁵ renewal and remains available for as long as the eligibility conditions are met.

³³ Act III of 1993 on Social Administration and Social Benefits and Regulation 63/2006

³⁴ Such as free basic healthcare or public health card, child nutrition provision, various disability benefits, universal child raising benefits, the contributory based unemployment benefits and occasional local benefits or various top ups during ALMP participation, including participation in public work. In 2020 the recipients of MIS beneficiaries benefits accounted for a quarter of those receiving regular social assistance (See https://www.ksh.hu/stadat_files/szo/hu/szo0021.html) and for 65% of the recipients of regular benefits for the income-replacement social benefits (See https://www.ksh.hu/stadat_files/szo/hu/szo0044.html). In 2019 the MIS support was 26% of all income-replacement social benefit per capita. (See https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_fsp010b.html). Information on the amount of occasional benefits is not available.

According to administrative data, the average monthly number of beneficiaries was 98 465 in 2020³⁶, with a significant decrease since 2012 (from over 250 000 beneficiaries) and significant regional variations exist by the ratio of population covered.³⁷

Adequacy of benefits

The level of the BHC benefit is tied to the statutory minimum of the old-age pension and calculated as $0.95 \times \text{minimum old-age pension} \times \text{consumption unit} - \text{household monthly income}$, with a capping at 90% of the net minimum wage for public works. In 2019, for a single beneficiary without a family, the maximum amount per month was HUF 27 075 (EUR 74³⁸), while for a whole family, the total amount was capped at HUF 48 795 (EUR 134) per month. The latter capping increased to HUF 50 875 (EUR 139) in 2021.

The level of the ESB is tied to the statutory minimum old-age pension, set at 80% since 2012. It is a fixed amount of HUF 22 800 (EUR 62.5), it does not depend on family size, composition or income. In case of not single households, the two types of benefits can be combined with a capping mentioned above. The beneficiaries of the ESB are obliged to participate in the public work schemes, while the benefit is suspended and replaced by the public work wage, which in 2020 represented a net income of HUF 54 217 (EUR 148)³⁹ in case of a public worker, who works neither in a qualified, nor in a group leader position.

Amounts are indexed only according to government decision, and they are not linked to poverty or any other similar thresholds.

In 2019, the adequacy of the minimum income benefits (23% of the poverty threshold and 18% of the income of a low wage earner for a single household) was significantly below the EU average and has declined significantly over the last decade (see table in section 2).

Labour market activation, social inclusion and access to services

Persons who receive the BHC benefit may voluntarily request employment services. By contrast, ESB beneficiaries are obliged to register, cooperate with the PES and accept any employment opportunity offered, including participation in public works. Refusal can result in termination of their ESB, although attempts have been made to avoid this in practice. All jobseekers, including ESB recipients are profiled and assigned an appropriate client category. The largest proportion of ESB beneficiaries are considered requiring complex support (either 'assisted by public works', 'to be developed', or 'at risk', i.e. most difficult to engage in employment).

ESB recipients are offered to draw up an individual integration agreement/action plan, based on individual needs assessment, but this does not include aspects linked to social inclusion beyond integration into the labour market. It is compulsory for severely disadvantaged applicants and based on the first interview and covers key elements determined jointly by the case manager and the claimant. Various services are offered to beneficiaries requiring complex assistance⁴⁰. A new element, providing 'social information support', was introduced in 2020, partly in response to COVID-19 pandemic. However, the real institutional background may be missing and there seems to be significant regional variation.

³⁵ ESB eligibility is renewed annually, depending on proven work activities for at least 30 days in the preceding 12 months, beyond checking on other eligibility criteria. Benefit type 2 (social assistance) is renewed in every second year.

³⁶ The longitudinal comparability of the data is limited due to the changes in the system. Although ESB support has been available since 2009, the ESB could be supplemented by regular social assistance at the household level until 2016.

³⁷ See https://www.ksh.hu/stadat_files/szo/hu/szo0044.html

³⁸ The values expressed in EUR depends on the exchange rate. In this country fiche 365 HUF/EUR rate has been used.

³⁹ in 2021 HUF 56525, in 2022 HUF 66500.

⁴⁰ Information provision, social information provision, counselling, work counselling, training development preparation, reintegration group sessions, group sessions to develop key skills and key competences for employment, motivational group sessions, mentoring, psychological counselling, assessment of employability skills, assessment of learning skills, assessment of competences, placement in public work.

Beneficiaries normally report every three months and their compliance with the individual action plan is assessed and modified if necessary. No general housing scheme exists in Hungary. Benefit recipients have free access to healthcare and the public health card, reduced local travel, all universal provisions, regular child protection benefit or occasional local benefits (providing some home maintenance support), but there are no formal mechanisms that promote access by MI recipients.

Governance

Since 1 March 2015, major regulatory elements of social assistance (MI schemes) are centralized at national level, with delivery implemented by district-level government authorities. The MI benefits are tax-financed from the central budget. Applications might be submitted to residual local municipalities, the relevant district level government offices or the local PES office. Local municipalities have no or only minor role in benefit provision, but they might top up MI with local benefits depending on their economical capacities, thus some small scale local benefits might exist, but no structural database is available.

Although data is available, there is no regular monitoring. The follow-up process is carried out monthly, but covering only for ESB beneficiaries participating in ALMPs. Data are collected in suitably structured databases, with individual records linked across sources, but are used mainly by the benefit paying agency to administer payments. The adequacy of MIS provisions has not been researched.

Reform objectives and trends

During the COVID crisis, the periodic review of entitlements to social benefits had been postponed, resulting in the continuous payment of benefits. No additional reforms are indicated since the reform in 2015, introducing changes in the government of benefit provision.

2. A presentation of the state of play of MI outcomes and performance

In terms of outcomes, Hungary performs in all selected indicators less well than the EU average except for the poverty gap of the working age population, and shows significant deterioration for poverty gap and AROP rate for jobless households in a long-term. On the other hand, while the overall MSD rate is still above the EU average, major improvements can be observed in both population categories.

As for the performance indicators, Hungary has a higher impact of social transfers than the EU average, but this impact has been reduced⁴¹. The indicators assessing access to services (gap indicators) show a positive change and a good performance.

Table – Common indicators from the minimum income benchmarking framework

| | | HU (SILC 2020) | EU27 (SILC 2020) | HU (short term change) | HU (long term change) |
|-------------------------------|---|-------------------|---------------------|---------------------------|--------------------------|
| Outcome indicators | | | | | |
| | Poverty gap total (18-64) in % | 26.9 | 27.7 | 2.5 | 10.2 |
| | Poverty gap for QJH (18-64) in % | 48.8 | 37.3 | 11.7 | 15.4 |
| | MSD rate total (18-64) in % | 17.2 | 12.7 | -2.2 | -19.6 |
| | MSD rate for QJH (18-64) in % | 64.5 | 43.8 | 1.0 | -15.6 |
| | AROP rate for QJH (18-64) in % | 69.6 | 61.6 | 5.7 | 11.6 |
| Performance indicators | | | | | |
| | Impact of social transfers on poverty reduction (18-64) in % | 42.7 | 35.6 | -2.1 | -14.3 |
| | Benefit recipient rate for AROP & QJH (18-64) in % | 93.8 | 78.5 | 11.9 | 3.7 |
| | Gap in self-reported unmet needs for medical examination in % | 3.6 | 3.4 | 1.8 | -9.1 |
| | Gap in housing cost overburden rate in % | 25.8 | 34.7 | -22.6 | -5.5 |
| Adequacy indicators | | | | | |
| | As a share of the poverty threshold in % | 23% | 60% | -5% | -20% |
| | As a share of the income of a low wage earner in % | 18% | 46% | -4% | -12% |

Note : Short term change: SILC 2020 vs SILC 2018 ; Longer term change: SILC 2020 vs SILC 2010 except for all indicators QJH (SILC 2020 vs SILC 2015). QJH stands for Quasi-Jobless Households.

⁴¹ Perhaps due to the reform of a social policy aimed at decreasing inactivity.

MALTA

1. Description of the national scheme

The minimum income support is provided by two benefits in Malta, the so called Social Assistance (SA) (*Għajjnuna Soċjali*) and the Unemployment Assistance (UA) (*Għajjnuna għal-Diżimpjeg*). Social assistance is means tested, available to heads of households, who are unfit for work for medical reasons and where the financial means fall below the level established by the Social Security Act. Unemployment Assistance is received by unemployed, fit for work and benefit receipt is subject to a capital resources and income test. The claimant has to be registered for seeking work.

Eligibility - coverage

The benefit recipient rate reaches 90% in 2019, higher than the EU average (78%) and has slightly declined over the past decade.

To be eligible for SA benefit, a person has to be the head of a household who is legally resident and to satisfy the means test on the income and assets of the household. The applicant can't be in employment nor register for work under the Unemployment Register. If a person decides to register to search a job, SA is replaced by UA. The medical condition of persons who are incapable for work is reviewed periodically. UA eligibility is identical to SA except for the employment status.

For the purpose of the means test, income is defined in gross terms (before deducting taxes). Any income deriving from rents, bank interests, income from capital, stocks and shares, alimony and any other income should not exceed the maximum Social Assistance rate per household. Through a Weekly Means Test the derived income of all the household is added together. If the derived income is 0, the maximum rate is paid, if the income is more, only the difference between the actual income and the maximum rate is paid. If the income exceeds the maximum rate, there is no entitlement.

The capital means requires that for a couple it should not exceed €23,300 and €14,000 for a single person. The house of residence, the first private car, a garage for private use and a summer residence are excluded from the Capital Resources Test. As of 2022 any inheritance with a value of €14,000 to 30,000 in respect of individuals and €23,000 to 50,000 in respect of a couple will also not be taken into consideration.

The duration of SA is unlimited as long as the stipulated conditions are satisfied. The situation is reviewed once a year. The amount of assistance is not reduced if children are in employment.

Number of SA beneficiaries decreased from 9,241 in 2013 to just under 4,600 by the end of 2020. UA beneficiaries went down from 6,119 in 2013 to just over 1,100 in 2020.

Adequacy of benefits

The maximum benefit is €109.43 per week in 2021 for the first adult and a further €8.15 per week for each additional and eligible member of the household. The benefit entitlement is effectively equivalent to 60% of the national minimum wage. The benefit varies according to the means of the household and the number of adults and dependent children in the household. For instance a couple with 2 children receives €133.88 per week, while a single person with no dependants €109.43 per week.

In addition, both SA and UA beneficiaries receive a Government Bonus of €135.10 in June and December. This bonus is also paid to all those employed in Malta. An additional bonus of €3.12 per week is also granted. Both these bonuses constitute fixed amounts, irrespective of the composition of the household. All beneficiaries are also entitled to universal benefits, such as the Supplementary Allowance or to the Children's Allowance, Energy Benefit, special 'birth bonus', rent allowance, university stipend. In addition to these benefits, some elements of medical assistance, which are not

provided under the National Health Service, are also available to the beneficiaries if required. These include free dental treatment, free spectacles and free hearing aids.

As from 2022, the weekly allowance for the first adult has been revised up to €111.18, the increase corresponding to the cost-of-living adjustment (COLA) given for 2022.

In 2019, the adequacy of the minimum income benefits (79% of the poverty threshold and 52% of the income of a low wage earner for a single household) was significantly higher than the EU average, though it has declined significantly over the last decade (see table in section 2).

Labour market activation, social inclusion and access to services

In respect of SA, the applicant can't be in employment, nor register for work at the Unemployment Register. The lack of ability to work must be due to medical reasons, the need to undertake care and custody of children, and is legally or de facto separated, or be married, in a civil union, cohabiting or caring for the spouse who may be critically ill. In this case the application is subject to approval by a Medical Board.

If a person registers for work, the SA is automatically changed to UA. A person who is benefiting from UA has to be actively looking for work and as such be registered with the public employment agency. Such a person has to participate in activation measures, such as training or job experience programmes, and not refuse job offers without an acceptable reason. In cases where medical conditions preclude a person receiving UA from working, the medical condition is periodically reviewed by a medical board. In cases where the individual is involved in substance abuse or other addictions, they need to attend a rehabilitation programme in order to receive the benefit. Failure to comply with these conditions may result in the total loss of the benefit.

If beneficiaries start working, the benefits are tapered and not completely stopped immediately, but are continued to be provided in a tapered manner: 65% for the first year, 45% for the second year and 25% of the rate for the third year. The employer is also provided 25% of the benefit for a period of 3 years.

Malta's state-run Foundation for Social Work Services (FSWS) has a special agency, named *Aġenzija Appoġġ* (AP), which is the agency offering quality psycho-social welfare services to all individuals and families of all diversities through empowering, advocating, and safeguarding the well-being of these persons, not exclusively to beneficiaries. The Agency, in collaboration with all stakeholders, provides welfare services of the highest possible standard for its service users to be supported and empowered in addressing their needs and enhancing their quality of life. Through the provision of various services⁴², supported by the Administration team, Aġenzija Appoġġ aims to bring about a positive and healthy change in people's lives - change that will enable them to enhance their potential through the support of the Agency's professionals.

Governance

MI schemes are run by the central government, through the Department of Social Security and the Income Support and Compliance Division within the Ministry of Social Justice and Solidarity, the Family and Children's Rights. The central operations are supported by the *servizz.gov* hubs, which serve as contact points for people who require clarification, or any form of service from the department.

⁴² The Health Social Work Services which are present in diverse health settings; the Domestic Violence Services which includes the social work service, the STOP! Service, the Risk assessors' team and the emergency Domestic Violence shelter, Ghabex; the Intake and Family Support Service which include the sub teams on Homelessness, Human Trafficking and Sex Work Support Programme together with the Support line 179, Loneliness Helpline 1772, Besmartonline, and the After-Hours Emergency Service.

One-stop services are provided by *servizz.gov*, which is a telephone-based and internet-based service through which information and assistance can be provided for all the different sections of the public service in Malta⁴³. The massive spread of digital services (e-government) has greatly facilitated access to people through the Internet. Beneficiaries who are not able to use the internet can call personally at any of the hubs.

A self-sufficient independent and regular monitoring of the scheme outside the COLA mechanism does not exist in Malta, but a number of auditing and monitoring exercises are in place.

Reform objectives and trends

During the first year of the Covid-19 pandemic, the number of social assistance beneficiaries remained stable. It did not increase as a result of Covid-19 as a result of a series of job retention measures implemented. No changes to the social assistance were needed.

The Tapering of Work Benefits scheme was part of a wider programme, labelled 'Making Work Pay' introduced in 2014. In addition to the tapering system, this programme also comprises the In-Work Benefit scheme and free childcare for parents in employment and education. The reform was conceived to boost the disposable income of dual-earner families and single parents in employment who have dependent children up to 23 years of age, and particularly those earning the minimum wage. After its launch, the scheme was extended to one-earner families with lower rates than those of dual-earners to incentivize the second parent to work and attain a higher benefit rate.

⁴³ The official description of *servizz.gov* agency is: '*servizz.gov is the agency bringing all government services together. It is a bridge between the Public Service of Malta and the general public, making government services more accessible. servizz.gov makes life easier and saves time.*

2. A presentation of the state of play of MI outcomes and performance in the country

In terms of outcomes, Malta performs in all selected indicators better than the EU average, except for MSD and poverty rate for jobless households. This latter has increased, together with the poverty gap for the same jobless population in the last decade.

As for the performance indicators, the impact of social transfers on poverty is much lower than the EU average and it has declined since 2010. The indicators assessing access to services (gap indicators) are lower than the EU average but for housing it has been increased over the last decade.

Table – Common indicators from the minimum income benchmarking framework

| | | MT (SILC 2020) | EU27 (SILC 2020) | MT (short term change) | MT (long term change) |
|-------------------------------|---|-------------------|---------------------|---------------------------|--------------------------|
| Outcome indicators | | | | | |
| | Poverty gap total (18-64) in % | 18.9 | 27.7 | -0.4 | 1.2 |
| | Poverty gap for QJH (18-64) in % | 29.7 | 37.3 | 1.6 | 7.0 |
| | MSD rate total (18-64) in % | 9.1 | 12.7 | 1.1 | -6.9 |
| | MSD rate for QJH (18-64) in % | 46.2 | 43.8 | 4.1 | -8.7 |
| | AROP rate for QJH (18-64) in % | 68.8 | 61.6 | -2.7 | 5.1 |
| Performance indicators | | | | | |
| | Impact of social transfers on poverty reduction (18-64) in % | 22.9 | 35.6 | -8.9 | -13.9 |
| | Benefit recipient rate for AROP & QJH (18-64) in % | 89.9 | 78.5 | 0.6 | -4.7 |
| | Gap in self-reported unmet needs for medical examination in % | Not available | 3.4 | Not available | Not available |
| | Gap in housing cost overburden rate in % | 13.8 | 34.7 | 7.4 | 8.0 |
| Adequacy indicators | | | | | |
| | As a share of the poverty threshold in % | 79% | 60% | -10% | -15% |
| | As a share of the income of a low wage earner in % | 52% | 46% | -2% | 0% |

3. Note : Short term change: SILC 2020 vs SILC 2018 ; Longer term change: SILC 2020 vs SILC 2010 except for all indicators QJH (SILC 2020 vs SILC 2015). QJH stands for Quasi-Jobless Households.