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POLICY ORIENTATION NOTE

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Minimum income in the EU-27: how to support Member States in designing effective country specific schemes?

Introduction

All EU Member States operate comprehensive minimum-income schemes for working-age individuals. They usually function as "the last-resort safety nets" and top up income replacement benefit but can also act as the basic instrument for delivering social protection. The objective of these schemes is to ensure adequate standard of living for families unable to secure sufficient income from other sources[1]. In a few Member States minimum income schemes are not only country-specific, but also embrace regional differences, example being Austria or Greece.

There is a consensus, at both EU and national levels that **existing social protection systems, including income protection, need to be reviewed and adapted** to demographic change, modern labour markets as well as diverse life phases and individuals' choices[2]. This need has been further exacerbated by the Covid-19 pandemics, which put additional stress on public finances. Additionally, the pandemic has disturbed labour markets: an important number of people have become inactive because of consecutive lockdowns.

The discussion now should focus on **how the EU can support Member States in reviewing their social protection systems**, including all forms of support for those unemployed, inactive or, due to different reasons, gaining insufficient income. The Member States' efforts should be aimed at making the offered support adequate, simple, easily accessible for those genuinely in need, but at the same time aimed at empowering beneficiaries to return to professional activity and becoming self-sufficient.

The EU policy context

The relevant EU documents on ensuring sufficient protection include the Council Recommendation 92/441/EEC on common criteria concerning sufficient resources and social assistance in social protection systems and the Commission Recommendation 2008/867/EC on the active inclusion of people excluded from the labour market. Additionally, the European Semester offers a framework of the relevant monitoring and policy coordination activities that are underpinned by the EU benchmarking framework on minimum income protection, notably in the context of the Council's social protection committee.

The Council's conclusions on strengthening minimum income protection in the COVID-19 pandemic and beyond adopted in October 2020 invite Member States to review their national minimum income schemes. The Council recognises that minimum income protects the most disadvantaged and has a stabilising effect for the economy in general. The Council's agrees that effective minimum income protection is based on three key principles: access, adequacy

[1] Immervoll, H. (2010), *Minimum-Income Benefits in OECD Countries: Policy Design, Effectiveness and Challenges*, OECD Social, Employment and Migration Working Papers, No. 100, OECD Publishing, Paris, p.6.
[2] More on modernizing social protection systems can be found in BusinessEurope policy orientation note (2021) *Adapting social protection systems to demographic change, modern labour markets and diverse life phases and choices*.

and enabling aspect. "Access" implies that individuals in need should have the right to access the benefits on non-discriminatory and comprehensive terms through a user-friendly and simplified procedure. "Adequacy" means that basic needs should be covered by minimum income benefits in a sufficient manner taking into consideration household composition and specific individual needs. As regards "enabling aspect", minimum income protection should entail the provision of good-quality enabling services, including - for those who can work – incentives to work and adequate active labour market policies (ALMPs) such as placements and training. The Council stressed the importance of engaging with relevant stakeholders, including social partners, in developing, updating and/or implementing relevant schemes.

In parallel, the European Commission has been asked to update the Union's framework to effectively support and complement policies of Member States on national income protection. It is to be mainly done through the monitoring and reporting work carried within the framework of the European Semester by the European Commission, and the Council's Employment Committee (EMCO) and the Social Protection Committee (SPC). A comparative report on minimum income schemes is expected in June 2022, and the Commission is expected to publish a draft Council recommendation in September.

The most recent relevant document is the Commission's Action Plan on the implementation of the European Pillar of Social Rights (EPSR) published in March 2021. It makes Principle 14 of the EPSR operational by proposing a Council Recommendation on minimum income to be adopted in 2022. The focus of the proposed recommendation seems to be on making minimum income an instrument to alleviate poverty and social exclusion. At the same time, the focus should include activation measures such as effective ALMPs, career guidance, appropriate upskilling/reskilling opportunities and/or sustainable job placements.

This note constitutes BusinessEurope's proactive written contribution to the upcoming Commission's initiative on minimum income, considering the views expressed by employers and the exchanges held during the dedicated hearing with the social partners which the Commission organised on 24 March 2022.

Role and scope of minimum income schemes in the EU

Minimum income schemes are **country specific programmes embedded in national contexts and traditions**. This influences their design, the way they are managed and interplay with wider social protection system in each Member State. Institutional differences need to be taken into account in a future EU initiative to understand the role and scope of minimum income schemes in national social protection arrangements[3]. The division of competences between the EU and the national level should be the guiding principle of any EU action in the field of social protection (subsidiarity principle)[4]. It is also important to analyse existing minimum income schemes in relation to the comprehensive social protection arrangements. Comparing minimum income levels alone is an oversimplification that can result in wrong conclusions as it does not give a full picture of support available for those in need.

This note takes into account the useful information gathered in the Mutual Information System on Social Protection (MISSOC)[5] where the information relevant for minimum income systems is found under the broad category of the "guaranteed minimum resources".

[3] Knole-Seidl, R.A. (2021), *Strengthening minimum income protection in the EU,* Briefing EMPL in Focus, European Parliament, Brussels, p.1.
[4] According to the art 153 of TFEU "(…) the Union shall support and complement the activities of the Member States in the following fields (…) social security and social protection of workers (…)".
[5] Here is the link to access MISSOC.

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The Council's Social Protection Committee (SPC) benchmarking framework on minimum income protection is a useful EU approach respecting national differences and encouraging desired improvements. It focuses on the employable working age population currently not in employment and not eligible for social insurance benefits, or whose entitlement to such benefits has exhausted[6].

To progress, it is important to build on the existing information at EU level and engage in the necessary action so that each Member State is thanks to the EU initiative in a better position to improve the way national minimum income schemes operate nationally. This includes the need **to organize exchanges on national practices, thematic seminars and events**. This would enable Member States and social partners to learn from each other and get inspired by the design of different schemes/solutions as well as the way they are run. BusinessEurope has proposed the creation of a **new tripartite advisory committee on social protection** which would provide the right forum for such policy coordination and facilitate mutual learning in future.

Another possible EU-level action would be **to extend existing indicators to include the dimension of activation**, for example to monitor how quickly the minimum income scheme beneficiaries return to professional activity and whether such placements are sustainable.

Finally, one of the important aspects of the minimum income scheme is preventing child poverty. Special attention is given to families/single parents with children, which usually translates to more generous benefits for this group. While it is essential to secure sufficient income to cover basic family needs, **the complementary role of good quality and accessible childcare and long-term care provisions should be considered** notably to ensure a good interplay with income conditionality related to willingness to work and active job search under minimum income schemes. Childcare in particular plays a key role to foster employment participation by enabling parents to take up work and/or training. Good (early) education is also crucial to stop the poverty spiral and act as stabilizer in the situation when parents stop working as it limits the danger of dropping out of the education system.

Employers' views: how to design effective minimum income schemes?

While acknowledging the need for a comprehensive, effective and sustainable safety net, employers believe that unconditional and/or too generous minimum income most often results in negative incentives to work[7]. By not being related to activation requirement, it reduces motivation for taking up employment. The potential reduction of inactive people who are willing to work is likely to further aggravate the already problematic workforce shortages across the EU. Additionally, insufficient conditionality of minimum income benefit provision to actual job search efforts may result in an increase of incidence of undeclared work and extend unemployment spells of the minimum income beneficiaries. Another negative impact of wrongly designed minimum income is its potential negative influence on competitiveness and private initiative as well as the threat of potential abuses. Finally, it has to be noted that national social protection systems are financed from taxes. Taxes on labour are already high in Europe, therefore further tax increases would be detrimental to competitiveness and job creation. As Europe's economies are recovering, a stronger focus will be needed in the next years on strengthening public finances.

[6] More on the EU benchmarking framework can be found in: SPC Indicators Sub-group (2021), *Benchmarking framework in the area of minimum income*, Information note for the SPC ISG.

[7] It is the case of Norway, where the welfare system is very good and designed on the basis of work participation. At the same time, the Norwegian employers are concerned that the schemes are too generous and possibly weakening incentives to work.

In this context, employers call on the European Commission to focus its initiative on **simplifying means-tested minimum income benefit scheme linked to effective activation measures** aiming at integrating the unemployed and training both in companies as peer training and on courses for the unskilled workers and/or those with obsolete skills. **It is also crucial to strengthen in future incentives for inactive people to work by ensuring that working is financially more attractive than inactivity**. To this end national minimum income schemes should ensure that total disposable minimum income is lower than the income earned through employment. In cases when people are not able to take up full-time employment, the role of in-work benefits needs to be expanded across Europe to ensure that public resources encourage as many people/households as possible to become self-sufficient. Increasing employment will also be crucial in the future to secure the financial sustainability of social protection systems in the long-term.

Across the EU, it is also important that all social transfers available for those in need are taken into consideration while checking the eligibility and calculating the amount of available minimum income or alike benefit. However, there are different national practices as regards personal assets: for example, in Germany all existing assets apart from "sheltered assets" (*Schonvermögen*) such as real estate or a stock portfolio must be liquidated and used up before an individual becomes eligible for minimum income support for employable persons (ALGII). In Portugal there is a ceiling on personal assets (bank deposits, stocks, bonds, saving certificates etc.) to classify for the minimum income scheme. **A dedicated European exchange of practices on how best to take into account personal assets in the design of minimum income schemes would be helpful** to support Member States and social partners to make the most effective and fair policy choices across Europe.

Classification of minimum income schemes

There are four main types of minimum income schemes: lower-tier programmes, more comprehensive programmes combining anti-poverty measures with social protection measures, "layered" programmes that take effect while unemployment insurance has expired and a more fragmented programs with a limited coverage.

<u>Lower-tier programmes</u> mainly have an anti-poverty function. These programmes can be found in the Nordics and in the Benelux countries. Under this approach the minimum income scheme is firmly institutionalized, but relatively small as higher-tier benefits (unemployment and disability insurance and/or unemployment assistance in some countries) provide a high degree of inclusiveness in terms of coverage, eligibility conditions and duration of entitlements. Minimum income benefit plays a residual role.

<u>More comprehensive programmes</u> usually include the anti-poverty measures and are the main instrument for delivering social protection. These programmes can be found in the UK, Ireland or Germany.

Germany: minimum income for job seekers and supplementary social benefits

The German system foresees two formulas for those who are fully employable: *Arbeitslosengeld I and II (ALG I and II,* respectively). ALG II is the minimum income support for employable persons accessible after two years of ALG I paid from social security funds. ALG I is most likely higher than ALG II paid from state funds (taxes). ALG II provides a monthly lump sum to cover basic needs (*Regelbedarf*). It also covers the cost of accommodation and heating (the assessment is made on the appropriateness of accommodation), contributions to statutory health and long-term care insurance, specific needs linked to a life situation (*Mehrbedarf* that covers for example expenses for pregnancy, cost of special nutrition due to medical reasons) and one time allowance (*Einmalbedarfe* that covers for example basic equipment for a newborn). It is also possible to claim additional subsidies, for example participation in educational activities for children and students.

The "layered systems" found in Austria or in France combines first-tier out of work benefits with means-tested, but wage-related unemployment assistance schemes, which take effect once unemployment insurance benefits have expired. Italy could also be included in this category as its minimum income scheme combines a means-tested allowance with a job activation path.

France: multiple minimum income schemes

The French system is quite complex and consists of nine different benefits: the income of active solidarity (*revenu de solidarité active*, RSA), the specific solidarity allowance (*allocation de solidarité spécifique*, ASS), the allowance for adults with disabilities (***allocation aux adultes handicapés***, AAH), the supplementary disability allowance (*allocation supplémentaire d'invalidité,* ASI), the minimum old-age benefits (*allocation spéciale de vieillesse,* ASV and Aspa), the solidarity income (*revenu de solidarité* , RSO), the activity allowance (*prime d'activité,* PA), widowhood allowance (*allocation veuvage,* AV) and the asylum seeker's allowance (*allocation pour demandeur d'asile,* ADA).

RSA, in force since 2009, is a means tested minimum income scheme for households which members do not have income from professional activity. RSA is equal to the difference between a minimum level of resources available (fixed amount) and the amount of the household's non-working resources. These resources include other benefits such as, i.e. the housing allowance. Medef, the French BusinessEurope member, points out a substantial cost of RSA (11 mld EUR in 2020) and its low rate of return to employment (12%).

ASS comes into play once the right for unemployment insurance has been exhausted. In order to qualify for this benefit, the beneficiary needs to prove that he/she has been employment for at least five years in the previous 10-year period preceding the end of their employment contract. ASS has two parts: a flat rate of almost 500 EUR/month and a differentiated benefit, subject to resources (with a ceiling depending on the household composition).

AAH is addressed to people with disabilities aged 20 or over who have no right for pension, a disability benefit or work accident pension of an amount at least equal to the AAH. It is a subject of means testing and is granted to those with the disability degree of at least 80% or those with a disability degree between 50% and 79% combined with "a substantial and lasting restriction on access to employment. It is worth noting that the number of AAH beneficiaries has doubled since the mid-80s due to the ageing of the population, but also as a result of a more flexible conditions for access.

ASI is addressed to people with disabilities who receive a retirement or disability pension and who are too young to benefit from one on the old-age benefits (Aspa). Those aged 65 or over (or over the legal minimum retirement age) in case of incapacity for work are entitled to ASV and Aspa to ensure they have a level of income equal to the minimum old-age pension.

RSO is a benefit reserved for residents of overseas department and regions aged between 55 and 64, who have been receiving RSA for at least two years without having exercised any professional activity and who leave the labour market permanently.

PA is the benefit stimulating return to labour market. Its goal is to ensure that work pays more than the solidarity RSA. The amount of PS increases with the household's activity income until the household's resources (excluding PA) reach a defined amount (equal to the RSA exit point). After this moment, PA decreases until the moment when generated resources reach another defined amount (appox.1,45 of the minimum wage, SMIC, for a single person). It is the moment when PA is stopped being paid. It is interesting to note that the PA calculation include individual bonus which is linked to each additional income from work. PA is not reserved exclusively for RSA beneficiaries. It is also available for all households in which one member is employed or self-employed and does not hinder receiving other benefits.

AV is intended for surviving widows who are too young to receive a survivor's pension. ADA is addressed to asylum seekers, foreigners covered by temporary protection and foreigners who are victims of pimping or human trafficking.

In Southern Europe (for example in Spain) and the Central Eastern European countries minimum income schemes are categorical and incomplete. They offer a relatively limited coverage.

Hungary: quasi-minimum income conditioned by participation in the public works

The so-called "minimum payment" is used in Hungary as the basis to calculate all social transfers. It amounts to 28 500 HUF (approx. 80 EUR) per month and has remained unchanged since 2008. This quasi-minimum income is provided for those who are not eligible to benefits, due to insufficient contributory period or those who are not able to take part in the public work scheme (PWC) offered by the local municipality (a medical certificate is required). All able jobseekers after a 3-month-long unemployment scheme are obliged to take part in the PWC and are paid a fixed amount fixed by the government each year and is lower than the general minimum wage.

BusinessHungary is not very keen on the current "forced activization" system: the PWC has turned out to be a permanent labour market policy instrument rather than a temporary measure supporting transition. As such it does not reduce unemployment and does not foster the transition to regular labour market. BusinessHungary also criticizes the fact that social partners have not been consulted when the unemployment benefit has been shortened from 3 to 6 months and the PWC extended in its place.

Main features of the minimum income schemes and eligibility criteria

The common feature of minimum income schemes is that they are a source of benefits not related to the previous employment or contribution history (i.e. Bulgaria, Estonia, Spain), however in some Member States entitlement to minimum income is proceeded by exhausting the right to unemployment benefit (i.e. Austria, Germany).

Minimum income benefit is granted on the base on needs and is a package of benefits rather than a single cash payment. Its composition varies significantly across the EU, for example in **Finland** minimum income scheme consists of three parts, while in **Bulgaria** it has two components. The minimum income packages usually include cash benefits, housing benefits, family benefits and/or regular supplements for specific groups, i.e. people with disabilities or single parents (i.e. food vouchers, school lunches, reduced price tickets for public transport). Some Member States provide for one-off cash benefits for earmarked individual needs (i.e. housing equipment). It is interesting to note that in **Finland** and **Denmark** social assistance is a household level benefit, not an individual level one. A similar benefit in this sense is the housing benefit that covers part of the housing costs of low-income households.

While determining the eligibility and/or amount of available benefit national policies usually require assessment of the disposable income combined with means testing to select those genuinely in need. For example, in **Austria** there is a means-tested, two-stage minimum benefit system. For the first twenty weeks the beneficiary is eligible for unemployment insurance amount of which depends on the salary earned in the previous 12 months. This provision can be extended up to twelve months. After this period of eligibility, beneficiary can apply for unemployment assistance that is unlimited, but less generous than the unemployment insurance. If needed, both can be topped up to the level of subsistence by the state-financed minimum benefits (*Mindestsicherung).* This benefit is also available for those who are not entitled for insurance-based benefits. It is of an unlimited duration and can never be entirely reduced as it is the last safety net of the Austrian social protection system. It is very important to note that the willingness to work remains one of the important eligibility criteria for the three types of benefits. Currently there is a discussion in Austria on planned reform of unemployment insurance and on introducing declining unemployment benefit.

In **Estonia** the subsistence benefit is paid by the local government. Depending on the situation, local governments use social services and other social assistance for the alleviation of need. The subsistence benefit is paid if other measures for the alleviation of poverty and need have proven inadequate. The base to calculate subsistence benefits is the net income for the previous month and it was around 140 EUR[8] in 2018. The subsistence level is established by the Estonian Parliament (*Riigikogu)* with the state budget. The municipal or city government can also pay additional social benefits from the local budget[9]. The municipalities also pay a certain part of the minimum income benefit in **Finland**. The Finish minimum income consists of three parts: basic, supplementary and preventive social assistance. These three parts play different roles: the basic social assistance amounts to slightly over 500 EUR/month and is means tested above the income of 150 EUR/month. The basic social assistance covers, i.e. housing cost, electricity, to a certain limit. The supplementary social assistance is a municipal benefit that covers certain costs not covered by the housing costs. The preventive social assistance may be granted in, e.g., the case of a sudden financial setback.

Across the EU more national differences can be found as to the treatment of the wealth and the earned income or the country of residence.

In **Estonia** all earnings of the person living alone or family are counted as income unless they are indicated as exemptions by the Social Welfare Act. For instance, wages, family allowances, unemployment insurance benefits, unemployment allowance, maintenance support, maintenance allowances, pensions, disabled parent's allowance, income tax returns, and other income are counted as income within the meaning of the Act. While assessing the disposable wealth in **Denmark** or **Spain** personal income of an applicant as well as the one of his/her spouse is taken into consideration. At the same time in **Germany** applicant has the right to "sheltered assets" such as appropriate household goods, a car, residential property for ow use or retirement provisions. These assets do not have to be liquidated before applicant becomes eligible for ALG II.

In **Germany** regular residents of the Federal Republic of Germany are eligible for ALG II. The **Spanish** nationality is not required to qualify for the Minimum Living Income provided the applicant can prove that he/she has been legally and effectively resident in Spain for at least one year and meets the rest of the conditions.

Across the EU eligibility of the minimum income scheme is usually right - based, in some cases some discretionary elements are added.

In **Denmark,** the right to social security for people who cannot support themselves is a constitutional right. This means that a potential beneficiary is entitled to social security if not covered by other unemployment benefits, does not receive pension as well as his/her capital (or the one of his/her spouse) does not exceed 1 345 EUR. In addition, any income of the spouse will be deducted from the benefit. The level of social security depends, among others, on age, level of education and the duration of stay in Denmark.

As of 1 January 2022, the Minimum Living Income is applicable in **Spain**. It is defined as a subjective right to an economic benefit, which is part of the protective action of the Social Security and guarantees a minimum level of income for people in a situation of economic vulnerability. It operates as a protection network aimed at allowing transition from a situation

[8] For the first family member or a person living alone.
[9] More information on the subsistence benefit in Estonia can be found here

of exclusion to participation in the society. It offers incentives for employment and inclusion, based on different forms of cooperation between relevant administrations.

There are also differences as regards the duration of the minimum income entitlement and the ceiling of the minimum income benefit.

The minimum income eligibility is unlimited is **Bulgaria** and has a defined duration in **Austria** in case of unemployment insurance benefit[10]. It is worth noting that in October 2016 the **Danish** government has introduced the ceiling of the monthly benefit. The reason for this change was that some beneficiaries had a very low financial advantage to take up employment compared to receiving social security benefits. However, in January 2020 a temporary additional child benefit entered into force for people affected by the ceiling. The additional child benefit is given per child and includes an extra amount for single providers. This is a partial withdrawal of the ceiling, and it reduces the financial incentives for people on benefits who have children to take a job. In **Portugal** the benefit is paid for a period of 12 months, renewable provided the conditions of attribution remain.

There are four main methods of establishing the amount of minimum income benefit. The amount of the benefit can be based on a household composition. It also can be assessed according to the minimum living standard (i.e. through prices, basket of goods, the absolute poverty line or reference budgets or on the basis of expenditures of lower income groups. Another way of defining the level of the minimum income is to tie it to the national minimum wage. For example, in **Bulgaria** the Council of Ministers fixes a monthly amount of the guaranteed income on the basis for determining the amount of social assistance benefits (differentiated minimum income). For 2021 GMI was 75 BGN/month (approx. 38 EUR). It is worth noting that the recent developments include changes of the coefficients used to determine the differentiated minimum income (raised by 10% every year from 2022 to 2024) rather than the value of the GMI. In **Spain** the Law 19/2021 establishes a scale of the Minimum Living Income benefit: different thresholds correspond to the number of beneficiaries in each cohabitation unit (household). The benefit will be paid monthly, in 12 instalments, with no extra payments.

Reflection point: minimum wage versus minimum income benefit

It is useful to compare the level of minimum wage with the level of minimum income benefit to understand whether their relation supports (or not) return to work and self-sufficiency.

Monthly minimum wages vary widely across the Member States: the lowest minimum wage is in Bulgaria (332 EUR), and the highest (2 257 EUR) in Luxemburg. As a result, the EU21 average minimum wage is a purely theoretical value and amounts to 1 080 EUR.

The data on the value of minimum income benefit across the EU27 is scarce. It is due to the fact that minimum income is often a sum of multiple benefits/allowances, is conditioned by the household composition and other conditions, i.e. related to disability or age etc. Minimum income is often calculated on the case-by-case basis.

General observation is that minimum income benefit[11] – independent on the level of the national minimum wage - is much lower than the minimum wage, i.e. in Bulgaria - 38 EUR and 332 EUR, in Spain – 492 EUR and 1 126 EUR, in France - 565 EUR and 1 603 EUR, in Greece – 200 EUR and 774 EUR and in Portugal – 190 EUR and 823 EUR, respectively. This relation between minimum wage and minimum income is appropriate as minimum wage should be higher than minimum income

[10] In Austria the unemployment assistance and the top up benefit (*Mindestsicherung*) have unlimited duration.
[11] For single-person household with no children,

to ensure the right incentive to work. However, it is not clear cut as minimum income being means-tested, it is in most cases a complement to other disposable resources of benefit beneficiaries.

It is worth noting that here are also countries where the minimum income is close to the income in a lower-paid job. In Denmark a single parent with two children will receive 2 770 EUR after tax in minimum income benefits. In comparison a single parent with two children can earn 3 110 EUR after tax and transport expenses working full time as an unskilled shop assistant. This gives a parent a financial incentive of 340 EUR per month when working full time. Statutory minimum wages or the minimum rates in collective bargaining agreement are therefore relevant when setting the level of minimum income benefits to ensure that the system does not disincentive employment.

The table presenting the level of minimum wage across the EU and the level of minimum income scheme benefit, whenever the data is available, can be found in Annex 1.

Minimum income benefit is higher for households with children. Child allowances are available in **Austria** and **Bulgaria**. In **Estonia** families applying for a subsistence benefit whose members include children receiving child allowance can also apply for a needs-based family benefit. In **Spain** the "child support supplement" is a top up available for the Minimum Living Income (MLI) beneficiaries with dependent minors and other low-income families. The supplement depends also on the child/-ren age and decreases as they get older[12]. There are two other conditions that need to be fulfilled in order to qualify for the "child support benefit": the household in question cannot exceed 300% of the MLI guaranteed income for their household type and 150% of the wealth threshold for their household type. This means that the supplement will be paid to current MLI recipients with dependent children and other low-income households, but not necessarily those in extreme poverty.

In some countries additional conditions to qualify for minimum income include activization or job searching. The **French** solution - a special bonus for those who actively seek employment (*"prime d'activite")* - is a good example of supporting those in need on the way to employment. Willingness to work is the most important eligibility criteria for receiving minimum income[13] in **Austria**. In **Germany** ALG II is conditional and some of the criteria are linked to active job search, for example beneficiary needs to be available for the so called "job centres", actively cooperate as regards the measures proposed by the center and take up the offered employment. If these conditions are not met, ALG II can be reduced or even completely withdrawn, including the allowance for accommodation and heating (this sanction is applicable in case of the repeated breaches). In **Portugal** a money benefit is combined with an insertion programme that stipulates signing a contract including a set of tailored actions addressed the household of the applicant with the aim to support social, labour and community integration of its members). Through the insertion contract the applicant is obliged to make himself/herself available for work, training or other forms of reintegration.

Developing the role of in-work benefits in labour market integration

Analysing minimum income schemes quite naturally brings the topic of in-work benefits. One in four working age people is inactive in the EU and the rate of inactivity varies significantly across Member States (from 16% in the Netherlands to 37% in Italy in 2021[14]). **In-work benefits can play an important role to attract this group (back) to the labour market and**

[12] It is 100 EUR/month for household with children aged 0-3; 70 EUR for those aged 3-6 and 50 EUR for those aged 6-18.

[13] Both unemployment benefit and unemployment assistance.

[14] Inactivity rate over 30% can be also found in Croatia, Romania, Greece and Belgium. More data on economically inactive population in Europe can be found here

are considered as relatively cost-effective. In-work benefits can also contribute to the sustainability of job placement and further increase the value of the "remuneration package".

According to the OECD definition, in-work benefits are "permanent work-contingent tax credits, tax allowances or equivalent work-contingent benefit schemes, designed with the dual purpose of alleviating in-work poverty and increasing work incentives for low-income workers"[15] (OECD, 2011). They have a two-fold objective: increase employment by creating financial rewards for remaining in work or taking up a low-paid job and increase incomes of the less-well off workers and their families[16].

Most studies on in-work benefits point towards positive effects at the extensive margin (i.e. the choice between working and not working), meaning that employment rates among the target group are raised due to the in-work benefit[17]. **Low-income workers are more responsive to financial incentives** than the middle or high-income earners. From this perspective they may be an important incentive to take up employment for the minimum income beneficiaries.

While designing in-work benefits, its **interaction with other redistributive and labour market measures needs to be taken into consideration**. In-work benefits increase the gap between disposable incomes of those in work and those inactive, which is justified in terms of political orientation to make work an attractive option, but needs to be balanced with social protection considerations, in particular for the most vulnerable in our societies. As a result, such policy aspects as levels and eligibility conditions of out-of-work benefits, tax burden on low-wage workers, regulations influencing wage levels and distribution (for example, statutory minimum wages) will also impact the functioning on in-work benefits.

Employers stress the importance of **encouraging the development of in-work benefits in the Member States as one of the key objectives of the upcoming EU initiative.** National governments should look into the role of well-targeted and balanced in-work benefits paid via social protection systems aiming to encourage employment participation and, at the same time, a reduction of in-work poverty. The related measures should appropriately balance the necessary focus on employment creation and participation, paying attention to income effects for low-skilled workers', the unemployed and the inactive. A key policy consideration is to review/design such measures without raising the cost of work for employers.

Recognising that basic income schemes do not foster employment

Basic income is a regular, unconditional cash payment given to all citizens, without means test. It is also called guaranteed minimum income, universal minimum income, universal basic income etc. Sometimes it is also described as "negative income tax" and implies that the same tax applies independent on the value of income.

The supporters of the idea indicate that basic income:

- Simplifies complex social benefits programmes and cuts red tape;
- Supports free market as it guarantees financial minimums for all and makes them able to "vote with their money";

[15] OECD (2011), *Taxation and Employment*, OECD Tax Policy Studies, No. 21, OECD Publishing, Paris.
[16] Immervoll, H. and Pearson, M. (2009). *A good time for making work pay? Taking stock of in-work benefits and related measures across the OECD*, OECD Social, Employment and Migration Working Papers, No.81, OECD publishing.
[17] Vendelannoote D. and Verbist, G. (2017), *The impact of in-work benefits on employment and poverty, Euromod* Working Paper Series, EM 4/17. Accessed at: https://www.euromod.ac.uk/sites/default/files/working-papers/em4-17.pdf (1 February 2021).

- Eliminates the trap of social assistance;
- Supports employments as taking up a job does not lead to benefit withdrawal;
- Encourages unpaid work – volunteering or charity work;
- Treats equally all citizens by the state;
- Guarantees the freedom of choice and makes society more equal.

Contrary to this, the undertaken pilot programmes and relevant research indicates serious weakness of the basic income idea. There are three main potential negative effects of basic income: the need to increasing public budgets, inflation and devaluating the value of work.

Increasing public budgets: in order to distribute money widely, appropriate budget needs to be secured. Proposals for financing basic income include, a.o. income tax, capital and heritage tax, emitting local currency, taxing enterprises which business model is based on personal data or financial transaction tax. Increasing public budget, already under pressure due to the Covid-pandemic, is not a viable economic option. The OECD warned, already in 2017, that introducing universal basic income would be a serious fiscal burden and would lead to increasing poverty of social assistance recipients in such countries as Finland, France or Italy[18].

Inflationary pressure: minimum income is in fact "social dividend" and creates inflation which may result in a rise in the general price level. This is always a negative development, but even more dangerous in the current context of high inflation.

Devaluating work: the very concept of unconditional basic income is a disincentive for people to work, as this contributes to widening the belief that public social transfers can provide an income to all without working. Rather than contributing to equality, this is likely to lead to a more unequal society where the most vulnerable would be disengaged and at risk of idleness. In this respect, policymakers need to recognise that that work remains a core value for people and encourage people to work, rather than devaluate work.

At the most basic level, work provides people with an income, which allows them to build a stable personal life. Work remains the best safeguard against poverty and social exclusion. Additionally, it can also give people potential meaning in life from recognition of personal results and competences. Work also brings personal fulfilment when people have access to jobs they aspire to. This is very much determined by the choices people make in terms of education and skills. Work also provides people with social interaction with colleagues, clients, and partners, which is increasingly important given that one third of EU households are those of single persons. Lastly, work is a vector of social cohesion and fairness, whereas growing idleness would have the potential to further deteriorate our societies' social fabric.

It is also important to consider the first experiences of basic income schemes worldwide. The first basic income pilot programmes implemented in the USA and Canada in the 70ties of the 20th century have proven that beneficiaries worked less: employment has decreased by 2- 4 weeks per year. The other programmes, for example implemented in India, Namibia, the Netherlands, Germany or Spain, have been very patchy, and the number of beneficiaries has been limited. It is worth mentioning that the outcomes of the Namibian pilot have been quite positive (i.e. the economic activity has increased by 30%, and the unemployment has dropped by 50% due to development of microenterprises). However, advanced economies are in a different situation to developing ones, and the value of allowance paid in Namibia is not

[18] OECD (2017), *Basic income as a policy option: Can it add up?,* Policy Brief on the Future of Work, OECD Publishing, Paris, p. 3.

relevant for the European context (10 EUR/month) as well as the wealth/entrepreneurship level at the start of the Namibian programme.

These programmes are too fragmented and too diverse to be treated as fully-fledged pilot programmes. The Finnish experiment - related to testing a universal unemployment benefit rather than universal basic income - has been the world's most comprehensive programme, albeit still involving a relatively small number of beneficiaries and implemented in a rather short time period.

Finland: basic income test (1 January 2017 - 31 December 2018)

The aim was to study options for reshaping the Finnish social security system, so it corresponds better to modern working lives. The Finnish basic income experiment was the world's first basic income experiment that was nationwide, statutory and based on a randomised field experiment. Participation in the experiment was not voluntary; as such it enabled to draw more reliable conclusions of its results.

In the Finnish basic income experiment 2 000 unemployed persons were paid monthly tax-exempt basic income of 560 EUR regardless of any other income they may have had or whether they were actively looking for work. The basic income recipients were selected through random sampling among those who in November 2016 received an unemployment benefit from Kela (the Social Insurance Institution of Finland). The control group consisted of those who in November 2016 received an unemployment benefit from Kela but were not selected for the experiment.

The experiment has had a small employment effect, however contributed to better perception of economic security and mental well-being among beneficiaries.

EK, the Finnish member of BusinessEurope, was in favour of testing a real universal basic income (UBI) as this would be useful for future policy making. EK believes that a real UBI experiment would require a larger group of participants, a longer tracking period and including tax effects in the analysis. Currently in Finland there is no discussion about basic universal income nor it is a subject of the government's programme. Most of the political parties are against UBI as such schemes are not sustainable in the long run. The general discussion is about revising and developing the current social protection system and the work has already started in a parliamentary committee. Deadline for this committee's work is March 2027.

This very weak relation between basic income and employment has also been demonstrated in a brief survey of basic income / civic wages in Estonia. The survey has shown that people are excluded from the labour market even at relatively low benefit level.

In conclusion, basic income is very expensive as a policy option[19] and it goes against the objective of increasing employment, which should remain at the core of employment and social policymaking at EU and national levels. While it may contribute to well-being of beneficiaries and improve an individual perception of the quality of life, it also creates a risk of growing idleness and inequality for a significant share of people in society, in particular the more vulnerable and/or less educated. It puts its beneficiaries further away from self-sufficiency and can eventually create even more gaps as it implies providing income to many people who do not need public financial support. Finally, introducing basic income would require dismantling existing social protection systems, without any guarantee of the added value of this initiative. A much more secure and tangible option is therefore conditional means-tested minimum income including activation measures for long-lasting employment effects.

[19] According to OECD "(…) A basic income at socially and politically meaningful levels would (…) likely require additional benefits expenditures, and (…) higher tax revenues to finance them".

National examples: reforming the minimum income schemes

The Southern EU Members States have reformed their minimum income scheme in recent years. **Greece** introduced a universal minimum income scheme in 2012[20] as a rection to the 2008-2009 economic crisis.

Greece: attempts to combine social inclusion and labour market reintegration

After signing the second Memorandum of Understanding (MoU) in March 2012 the Greek government started a means-tested income support programme, for the first time combining income support (1st pillar) with fostering social inclusion (2nd pillar) and labour activation measures (3rd pillar). After the pilot programme, the program has been extended to the whole Greece on the basis of the third MoU signed in September 2015. Between 2014 and 2020 the benefit was called "Social Solidarity Income" and its name was changed to "Minimum Guaranteed Income" in 2020.

The three pillars are interrelated in order that implementation of the program supports beneficiary towards its gradual exit from inactivity, thorough social empowerment and, where possible, through re-integration into the labour market. Activization measures include, a.o. job placements, participation in professional training, access to programmes enabling gaining professional experience or returning to the education system. While labour activation measures still need to be fully implemented, a range of complementary social services and goods has been gradually offered to SSI beneficiaries to foster their social inclusion.

The World Bank's impact assessment of 2019 highlights the strengths and innovative aspects as well as identifies specific weaknesses of the Greek programme. One of the weaknesses is the limited implementation of the 3rd pillar. It was indicated as one of barriers to ensure greater overall impact[21]. SEV classifies the current program as "pure social welfare" with a "sleeping" activization component.

Italy has introduced the national minimum income scheme (*Reddito di Cittadinanza - RdC*) in 2019 as a social assistance measure to combat poverty and social exclusion. RdC was intended to be an active labour market policy measure and offer an economic allowance to families in social/financial difficulties. These families have been associated to a "labour market and social inclusion path" and signed a specific agreement with the public employment services and the local social services.

Italy: Reddito di Cittadinanza (RdC) as the new national minimum income scheme since 2019

The RdC provides an economic allowance to families in critical social/financial situation and is aimed at facilitating the re-entry into the labour market of the beneficiaries as well as support their social inclusion.

The families entitled to the scheme have to fulfill a set of requirements as regards their economic situation, residence status (at least 10 years of residence in Italy) and citizenship at the moment of the request of activation of the measure. The RdC requires signing of a specific "Pact for employment" to be executed at the Public Employment Services or of a" Pact for Social Inclusion" with the relevant social services at local level. The benefit is granted under specific economic conditions, based on a means-tested mechanism. The maximum ceiling of the RdC is 780 euro/month, depending on the conditions of the requesting subjects. Duration of the benefit is 18 months (renewable after a 1-month stop). Criminal law sanctions apply in case of fraudulent/false declarations or documents transmitted to the public authority to qualify for the benefit.

[20] The pilot programme was implemented in 2014 in two regions with different socio-economic conditions; as of 2016 the "Social Solidarity Income" programme was gradually implemented in 30 small and medium-sized municipalities and it was finally extended to the whole Greek territory in 2017.

[21] More on the Greek Universal Safety Net can be found in Planiteros, G (2020), *The introduction of a Universal Social Safety Net in Greece*

Building on the experience from the "design" of RdC, the Budget Law 2022 has introduced provisions aimed at reducing fraudulent behaviours and at ensuring an effective activation of beneficiaries for a new job, whilst not eliminating the entitlement to the benefit in case of taking up of employment.

The measures include:

- Reduction of job offers from three to two: the RdC beneficiary can refuse only one job offer.
- Reduction of the required commuting distance to "adequate job" from 100 km to 80 km.
- Introduction of a *decalage* of the economic benefit of RdC by five EUR for each month starting from the month when the offered job was refused.
- The active search for a job is verified by the Public Employment Service/agency by physical attendance at least once on a monthly basis
- Private agencies are entitled to incentives for successful job placement of the RdC beneficiaries; employers may hire RdC beneficiaries according to a simplified procedure.
- Requirement for the RdC beneficiaries to participate in social activities at local/municipality level is strengthened.
- Controls of eligibility criteria for RdC are reinforced, including by digital means: the new digital hub for better data exchange has been created.

Additional funding has been provided for RdC: 1 bln EUR for each year until 2029 (thus, in 2022 the total allocation is 8,8 bln EUR) reaching 1,37 mln families. For comparison, approx. 1,23 mln families benefited from RdC in 2020.

The evaluation of RDC made by Confindustria has been substantially negative as the active job search requirement as one of the eligibility criteria has failed its objective, so the measure does not contribute to creating incentives for employment. The Italian employers have shared the final purpose of RdC which was to combat poverty and promote social inclusion/cohesion of the disadvantaged people excluded from the labour market. Nevertheless, Confindustria's position is based on the assumption that the issues of poverty/social exclusion, on one hand, and of active labour market policies (ALMPs) on the other, cannot be effectively addressed through one single measure. The factual experience has proven that RdC has not promoted self-activation of beneficiaries in the acceptance of a new job. On the contrary, it has very often discouraged them from accepting the job offered through the specific "path" provided by law.

The main point of criticism for Confindustria is that the RDC should not be used as an active labour market policy measure, having already proved to be mostly ineffective and do not lead to positive employment outcomes. Instead, it should be conceived and applied only as a last resort measure to combat poverty.

The Covid-19 pandemic resulted in introducing the Minimum Living Income ("*ingreso minimo vital"*, IMV) in **Spain** in 2020. This scheme is expected to extend the coverage of existing regional schemes and reduce regional disparities. The requirements to access the benefit are very strict, however the labour market re-integration measures are missing.

Spain: strict minimum income scheme, but missing activation measures

IMV is a non-contributory benefit from the Spanish Social Security that guarantees a minimum income to those in need. It can be requested as an individual or as a family unit that suffer from a situation of vulnerability (domestic violence, mono-parental families) and/or have a very low level of income). IMV is calculated taking into account the difference between the real income of the individual or the family unit and the minimum wage guaranteed in each case, defined by the IMV threshold. IMV must be requested by one adult between 23 and 65 years old, or 65 years old in case that person is in charge of a minor or a dependent.

For 2022 the amount of IMV has been increased by 3% with respect to the 2021 one. The current minimum threshold is approx. 490 EUR for one adult, provided other sources of income are not available. The benefit can also be used a top up, for example if beneficiary has a monthly income of 200 EUR, IMV will provide additional payment of 290 EUR.

The IMV eligibility criteria include the following requirements: legal residence in Spain, registration with public employment services in case of unemployment, disposable income does not exceed IMV minus 10 EUR. Single adults that request IMV must have been living alone for the past three years at have at least a 12 -month affiliation history with the national Social Security.

CEOE appreciates the scheme as a tool to prevent the risk of poverty and social exclusion but indicates the lack of activization measures as its serious weakness. Appropriate activization measures could include career guidance, job placements and access to training/retraining.

Some Member States have included the reforms of the existing minimum income schemes in their national Recovery and Resilience Programmes (RRPs), for example **Bulgaria**, **Croatia** and **Latvia**.

Bulgaria: minimum income scheme reforms

One of the Country Specific Recommendations (CSRs) for Bulgaria pointed out that the Covid-19 crisis disproportionally affects vulnerable groups and exacerbates existing social challenges and calls for measures to fix the gaps already identified in the previous years. One of the reforms included in the Bulgarian Recovery and Resilience Plan (RRP) is the reform of minimum income scheme, which was assessed as one of the least adequate in the EU. The reform was proposed under one of the four pillars of the RRP titled “Fair Bulgaria” (Component 11 “Social inclusion”).

The implementation of this reform aims to address the Council Recommendation on the 2020 National Reform Programme of Bulgaria by taking steps to mitigate shortcomings in the adequacy of the minimum income scheme and appropriate implementation of social inclusion measures through better support for the minimum income. In particular, the planned reform aims to improve the system for social assistance and to overcome structural challenges related to the low effectiveness of social policy in relation to achieving its priority goals of reducing poverty and inequality.

In **France** the project of reforming the multiple-scheme- solidarity system is an important topic of the current presidential election campaign. This proposal aims at simplifying and completing the social protection system by filling in the blind spots in the system (notably provision for those under the age of 25). This simplification is expected to increase take up of the benefit and increase confidence in the social system.

France: proposal for a universal activity income (RUA)

The project to reform the solidarity system, including creation of a universal activity income (*revenu universel d’activité*, RUA) was a key measure of the “Poverty Plan” presented already in 2018. The Covid-crisis has halted development of the RUA project during the five-year term of President Macron. Nevertheless, the work at the technical level continued and President Macron has confirmed his commitment to creating a single resource base to allocate income-tested benefits.

The government’s proposal is based on two pillars: the reform of the minimum social benefits with the creation of RUA (safety net component) and the creation of the public service for integration and employment (activation towards employment component). Introducing RUA would imply merging of the existing benefits (the income of active solidarity, *revenu de solidarité active,* RSA), the activity allowance and housing allowance) into a single automatic payment. This income would be based on a basic amount equal to the current RSA, to which would be added components taking into account various specificities (housing supplement, disability, old age, invalidity, youth). The creation of a public service for integration and employment (*service public de l’insertion et de l’emploi*, SPIE) aims at guaranteeing the right to a personalized approach for any person experiencing social or professional difficulties entering the labour market. The first call for expression of interest to set up SPIEs was launched In December 2020 and led to selecting 31 territorial projects that added to 14 experiments from March 2020. The 2nd call has been launched with an objective to select 35 additional territories by the end of 2022. Projects are to be implemented over the course of 2022 and 2023.

In Medef's opinion relaunching the RUA project is a sign of Macron's ambitions to be elected for another five-year mandate. This reform would maintain various principles already in place, in particular the conditionality of aid to household resources, and would strengthen the "activation towards professional activity" component, which is a positive development.

At the same time the recent proposals for changes in the **German** minimum income scheme are controversial and they may hamper quick return to labour market.

Germany: recent developments may weaken a well-functioning current scheme

The new federal government has proposed some changes to ALG II which name is to be changed to "citizen benefit" (*Bürgergeld*). During the first two years of receiving the benefit the existing assets (i.e. real estate, stock portfolio) are not to be taken into account when determining eligibility and the appropriateness of accommodation will not be questioned. The proposed changes also include increasing "sheltered assets" threshold as well as relaxation and review of the mechanism of sanctions.

BDA assesses the current ALG II scheme as "a successful mixture of encouraging and challenging measures", however they believe the scheme should be simplified. BDA is sceptical about changes proposed by the new government: the idea of moving towards unconditionality, relaxing the criteria of eligibility, not taking into consideration the existing assets and increasing the level of "sheltered assets" ignores the paradigm that the community should only help those who cannot help themselves.

Active involvement of social partners in developing, updating and/or implementing relevant schemes is necessary. The proposed policy recommendations should adopt a long-term view and balance economic, fiscal, employment and social policy needs. It is worth noting that the **Bulgarian** social partners are involved in the reform of social services.

Bulgaria: social partners involved in the reform of social services

This reform is expected to stabilise the system, while a stronger cooperation between health and social services would allow reaching out further to those unable to take care of themselves and to people with disabilities. The Bulgarian Ministry of Labour and Social Policy has set up a working group to draft Ordinance on the Quality of Social Services. Social partners have been involved in the work of this working group. Social partners also expect to be invited to join the working party on the National Income Strategy foreseen for publication in 2022.

Conclusions and recommendations

Employers share the objective of preventing the risk of poverty and social exclusion of people who find themselves in a situation of vulnerability, due to a lack of sufficient economic resources to cover their basic needs. However, it is desirable to accompany this support with a clear boost to active employment policies to encourage labour market participation and prevent those in need from being left in a permanently "subsidized" situation. As a result, minimum income schemes should be designed as a **transition payment towards employment with respect to national contexts and labour market models**, including involving social partners, whenever appropriate.

- **Minimum income schemes are best designed at the national level**. Defining minimum income at the EU level is not possible for multiple reasons. Firstly, it is financed at the national level and corresponds to national context. Secondly, as the country specific examples show, national social safety nets are very different and, as such, not comparable. In this regard, we are deeply concerned about the risks of overlapping between an EU initiative on minimum income and the national schemes, notably in countries where multiple mechanisms already exist.

- Any new EU initiative on minimum income should take into account as a starting point the existing Council recommendation 92/441/EEC on common criteria concerning sufficient resources and social assistance in social protection systems, and building on the other existing Council recommendation of 2008 on active inclusion of people excluded from the labour market, be based on three principles: (i) combination between **solidarity and an effective incentive to work** - making it socially acceptable – (ii) **social and professional support** provided through the national public and private employment services; (iii) **financial sustainability.**

- **All elements of the safety net –** both in cash and in-kind - **need to be taken into account** to correctly assess adequacy of minimum income scheme. All disposable household income as well as its wealth needs to be taken into consideration when assessing eligibility for the benefit. The value of personal "sheltered assets" should remain reasonable and is best defined at the national level.

- **Minimum income schemes should** be simple, accessible and easy-to-understand. They should also be designed in such a way that does **not hinder taking up employment**. Any income or earned wages should be welcomed and do not exclude an eventual top up to the level of the minimum income. We should rather talk about "minimum disposable" income instead of minimum income as such.

- Minimum income schemes should promote employment by ensuring that **income from regular work is higher than minimum income benefit** and by incentivising beneficiary's responsibility in job seeking. Career guidance and career management support are useful measures to ensure sustainable labour market re-/integration.

- **Minimum income scheme should be conditioned by activization requirement**. Only those who actively cooperate with public services, be it social services or employment services, shall be eligible for minimum income benefit. The activization component may include job placement, training and retraining opportunities, career guidance and coaching accompanying the first months of job placement. Both public and private employment services as well as public-private partnerships should be eligible to offer activization support.

- The European Commission and Member States should **keep an eye on minimum income schemes' fiscal sustainability**. At the same time, they should work together towards the necessary development of adequate upskilling and reskilling measures for vulnerable people to avoid as much as possible long-term unemployment and inactivity.
- **Member States should involve national social partners** in development, updating and implementing respective schemes to ensure that they include both stabilizing component (minimum income) and the activation measures aimed at sustainable (re)-integration to the labour market.

In conclusion, employers call for simple and conditional "activation minimum income schemes" designed at the national level with participation of social partners, especially as regards designing the activization measures. The designing and the terms of implementation of minimum income schemes must remain a national competence. This approach enables each country taking into account its minimum wage (statutory or through collective agreements), social security systems and taxation system. The minimum income schemes should be means-tested and take into account the total wealth of an applicant/the household of the applicant.

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Annex 1.

Table 1. National minimum wages* and minimum income (January 2022)

Member State	**Minimum wage**, in EUR	**Minimum income benefit**, after tax, in EUR
Belgium	1 725,21 (March 2022) 1806,16 (as of April 2022**)	
Bulgaria	332	38 (single adult)
Cyprus	870 and 924***	480 (single adult) 768 (single parent with two children)
Czechia	652	n/a
Denmark	n/a	1 285 (single adult) 2 770 (single parent with two children)
Estonia	654	n/a
Finland	n/a	515 (a household level benefit, not an individual level one)
France	1 603	565 (single adult) 1 018 (single parent with two children)
Germany	1 621	
Ireland	1 775	
Greece	774	200 (single adult) 300 (single parent with two children)
Spain	1 126	492 (single adult) 895 (single parent with two children)
France	1 603	
Croatia	624	
Latvia	500	
Lithuania	730	
Luxembourg	2 257	
Hungary	542	80 (single adult)
Malta	792	
Netherlands	1 725	
Poland	655	
Portugal	823	190 (single adult) 379 (single parent with two children)
Romania	515	29 (single adult) 72 (single parent with two children)****
Slovenia	1 074	
Slovakia	646	

* Currently, 21 out of 27 EU Member States have a national minimum wage. Among the six Member States without minimum wage there is Denmark, Italy, Cyprus, Austria, Finland and Sweden.
** The real increase resulting from the 2021 social agreement.
*** 870 EUR is a starting minimum wage that can raise to 924 EUR upon completion of a six-month employment period with the same employer.
**** The same amount for three persons living in a one household independent on their age.

Source: own compilation based on Eurostat *Minimum wage statistics* (accessed on 11 February 2022) and BusinessEurope's members contributions.